中國金展控股有限公司
China Golden Development Holdings Limited
Stock Code: 0162

2007
ANNUAL REPORT

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors:
Mr. Wu Yijian *(Chairman)*
Mr. Hu Yangxiong
Mr. Qu Jiaqi
Mr. Li Haogang
Mr. Sha Yingjie
Mr. Lai Chik Fan
Mr. Leung Siu Kuen

Independent Non-executive Directors:
Mr. Chan Wai Kwong, Peter
Mr. Xiao Ming
Mr. Fu Wing Kwok, Ewing

COMPANY SECRETARY & QUALIFIED ACCOUNTANT
Mr. Leung Siu Kuen

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS
Units C & D, 7/F China Overseas Building
139 Hennessy Road
Wanchai
Hong Kong

PRINCIPAL BANKERS IN THE PRC
Agricultural Bank of China (Xinjiang Corps Branch)
Industrial and Commercial Bank of China
(Xian Hi-tech Industrial Zone Branch)

PRINCIPAL BANKERS IN HONG KONG
Wing Lung Bank
Bank of China

REGISTERED OFFICE
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

COMPANY WEB SITE
http://cgd.etnet.com.hk

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Abacus Limited
26/F Tesbury Centre
28 Queen's Road East
Hong Kong

LEGAL ADVISER
As to Bermuda Law:
Conyers Dill & Pearman

AUDITORS
PKF
Certified Public Accountants
26/F Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

AUDIT COMMITTEE MEMBERS
Mr. Xiao Ming *(Chairman)*
Mr. Hu Yangxiong
Mr. Chan Wai Kwong, Peter
Mr. Fu Wing Kwok, Ewing

REMUNERATION COMMITTEE MEMBERS
Mr. Chan Wai Kwong, Peter *(Chairman)*
Mr. Hu Yangxiong
Mr. Xiao Ming
Mr. Fu Wing Kwok, Ewing

BERMUDA PRINCIPAL SHARE REGISTRAR
Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road, Pembroke HM 08
Bermuda

STOCK CODE
162

On behalf of the board of directors (the "Board") of China Golden Development Holdings Limited (the "Company"), I am pleased to present the audited results of the Company and its subsidiaries (the "Group") for the year ended 31st December 2007 ("the year").

FINANCIAL RESULTS

For the year ended 31st December 2007, the Group's revenue increased by 295.3% to approximately HK$429.9 million. The Group made a net profit of approximately HK$5.3 million mainly due to the newly added department store business. The profit per share was 0.94 Hong Kong cents. The Board does not recommend the payment of any dividends for the year.

BUSINESS REVIEW

In 2007, we have been implementing our new strategy as a middle and high-end department store operator in the PRC and started to acquire the "Century Ginwa" branded department stores since the beginning of year 2006.

Having considered the rapid growth in the people's general consumption power in the PRC, the Group decided to step into the business of operating department stores, starting with acquiring one "Century Ginwa" branded department store in Urumqi from the Group of Ginwa Investment Company Limited (together with its subsidiaries, associated and affiliated companies, the "Ginwa Group") early in the year 2006. Also, we managed to start our own operations of department store by acquiring certain selected assets from Shaanxi Century Ginwa Hi-Tech Shopping Centre Company Limited ("Ginwa Hi-Tech"). The acquisition was completed in May 2007. In September 2007, the Group entered into agreements to acquire the Bell Tower department store business from Ginwa Investment Company Limited. These agreements were approved by the shareholders at the Special General Meeting held on 17th January 2008. This means that after the completion of this acquisition, we will have three strong footholds situated in North-western China which has double-digit growth rates in GDP and retail sales in the last five years. The strategic foundation has been paved and we are now ready to consolidate our base and expand outside Xi'an.

Directors Meeting 15th December 2007, at Xian

STRENGTHENING THE BOARD AND SENIOR MANAGEMENT

To ensure that we can have good results in implementing our new business strategy, we strengthened the personnel of our Board of Directors. Mr. Lai Chik Fan, who has strong expertise in corporate finance, joined our Group in August. We also promoted Mr. Sha Yingjie, Mr. Qu Jiaqi and Mr. Li Haogang, who have rich experience in retailing and department stores business, to join our Board in July and August. All these changes show that the Management is determined to spend more personnel resources to support the new business strategy.

FUTURE PLAN AND PROSPECT

We have made steady progress in 2007 in implementing our department store focused business strategy. By expanding and strengthening the Board of Directors and senior management, we are finally engaged in one of the most attractive industries in the PRC – operation of department stores. The continuous improvements of the standard of living in the PRC will keep on stimulating consumer's spending that supports our business. We will continue exploring opportunities by acquiring existing Century Ginwa department stores and expanding Century Ginwa geographically in the PRC and to strengthen the corporate governance of the Group, especially on the newly acquired department stores to further enhance the Group's market status and maximise shareholder value. We are confident that the Group is well-positioned to continue with the implementation of its business strategy. The Board and I believe that 2008 will be a challenging year for the Company, we will double our effort to ensure continuous growth.

APPRECIATION

I would like to express my deep thanks to my fellow directors for their valuable contribution and my heartfelt gratitude to all our employees for their dedicated efforts and hard work. I and on behalf of the Board would also like to extend my sincere thanks to our shareholders, customers, suppliers, bankers and business associates for their continued strong support.

Wu Yijian
Chairman

Hong Kong, 18th April 2008

FINANCIAL RESULTS

This year the Group has one more department store in Xian since May 2007, hence:

i) The turnover of the Group for the twelve months ended 31st December 2007 increased to approximately HK$429.9 million compared to approximately HK$108.7 million for the last period, an increase of approximately 295.3%.

ii) The gross profit of the Group increased to approximately HK$83.1 million compared to approximately HK$22.6 million of the last period. The gross profit margin of the Group for the twelve months ended 31st December 2007 dropped slightly to approximately 19.3% from 20.8% of the last period due to higher product costs.

iii) The operating, general and administrative expenses increased to approximately HK$79.7 million compared to approximately HK$42.8 million of the last period.

The finance costs decreased by approximately 32.4% to approximately HK$2.3 million compared to approximately HK$3.4 million for the last period, as a result of less borrowing activities during the year.

Profit attributable to equity holders of the Company for the twelve months ended 31st December 2007 was recorded at approximately HK$5.3 million compared with the loss of approximately HK$151.2 million reported in the last period. The profit was a result of changing the mode of business from operating cruise ship to department stores business.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December 2007, net current assets and total assets less current liabilities of the Group amounted to approximately HK$251.3 million (31st December 2006: net current assets of HK$11.6 million) and approximately HK$357.8 million (31st December 2006: HK$86.2 million) respectively. As at 31st December 2007, the Group had cash and cash equivalents amounted to approximately HK$238.1 million (31st December 2006: HK$17.7 million). The current ratio of the Group as at 31st December 2007 was 3.41 (31st December 2006: 1.28). The gearing ratio, being the bank loan divided by the shareholders' equity, as at 31st December 2007, was nil (31st December 2006: nil). The capital raising activities during the year are listed in the note 27 to the Financial Statements.

BUSINESS REVIEW

Change in Business Strategy

It was mentioned in the 2005 and 2006 Annual Reports that the Group would continue to explore other business opportunities so as to diversify its business interests. With the huge population of the People's Republic of China ("PRC"), PRC has a large consumer base which provides tremendous opportunities for distributors of consumer goods. Having considered the rapid growth in the PRC consumption power, the Group decided to diversify its business into the operation of department stores, starting with acquiring one "Century Ginwa" branded department store in Urumqi from Ginwa Group in May 2006.

Merger & Acquisition

Acquisition of assets of Ginwa Hi-Tech
On 10th November 2006, Xian Century Ginwa Property Investments Company Limited ("Xian Century"), the newly acquired whollyowned subsidiary of the Group, as purchaser entered into an Assets Acquisition Agreement with Ginwa Hi-Tech as vendor, in relation to the purchase of certain assets owned by Ginwa Hi-Tech, for the operation of department store business at the 1st to 4th floors of Shu Ma Da Sha of International Commercial Centre in Xian, the PRC. After the completion, Xian Century could start its department store business in Xian, the PRC. Approval was granted by the government authorities. The registration procedures and transfer of assets were also completed in May 2007. This shop has started its contributions to the Group.

Acquisition of 76.43% shareholding of Century Ginwa
On 25 September 2007, China Rich International Management Limited ("China Rich", a wholly-owned subsidiary of the Company) entered into an Acquisition Agreement with Ginwa Investment Company Limited ("Ginwa"), pursuant to which China Rich has agreed to acquire and Ginwa has agreed to dispose of 76.43% equity interest in Century Ginwa Joint Stock Company Limited ("Century Ginwa") owned by Ginwa at the Consideration of RMB180,000,000 (equivalent to approximately HK$185,400,000). Ginwa is beneficially owned as to 60% by Mr. Wu and is therefore a connected person of the Company under the Listing Rules.

On the same day, the Company also entered into a BM Agreement (as supplemented by a supplemental agreement dated 28th December 2007) with Best Mineral Resources Limited ("Best Mineral") and Mr. Wu, pursuant to which Best Mineral agreed to, inter alias, provide the Profit Guarantee and the Repayment Guarantee, and the Company agreed to issue a Consideration Convertible Bond ("Consideration CB") of HK$1,231,612,200 to Best Mineral upon completion of the Acquisition. Application will be made to the Stock Exchange for the listing of, and the permission to deal in, the new Shares upon conversion of the Consideration CB.

All these agreements and transactions constitute connected transactions according to the Listing Rules. A Special General Meeting was required and held on 17th January 2008 at which these agreements and transactions were approved by Independent Shareholders.

In the following years, it is our Group's policy to consolidate and strengthen our base at Xian and explore more business opportunities in North-western China by setting up more stores and deepening our quality image in the market.

BANKING FACILITIES

As at 31st December 2007, the Group had no outstanding banking facilities (2006: nil).

FOREIGN EXCHANGE EXPOSURE

During the year, the Group's operation of department stores earned revenue and incurred costs in Renminbi. Renminbi was relatively stable although there was an appreciation pressure during the year. The Directors considered that the Group's exposure to fluctuations in foreign exchange rate was minimal, and accordingly, the Group did not employ any financial instruments for hedging purpose.

SEASONAL OR CYCLICAL FACTORS

During the year, the Group's business operations were not significantly affected by any seasonal and cyclical factors.

CONTINGENT LIABILITIES

As at 31st December 2007, the Group and the Company did not have any material contingent liabilities (31st December 2006: Nil).

HUMAN RESOURCES

As at 31st December 2007, the Group employed 656 (2006: 354) full time employees including management and administrative staff. Most of the employees are employed in Mainland China. The headcount of the Group increases significantly as the Group has acquired operations of department stores in the PRC. The employees' remuneration, promotion and salary increments are assessed based on both individual's and Company's performance, professional and working experience and by reference to prevailing market practice and standards. Apart from the general remuneration package, the Group also granted share options and discretionary bonus to the eligible staff based on their performance and contribution to the Group. The Group regards quality staff as one of the key factors to corporate success.

Shareholders Special General Meeting, 17th January 2008

EXECUTIVE DIRECTORS

Wu Yijian

Mr. Wu Yijian, ("Mr. Wu") aged 48, is the Chairman of the Company. Mr. Wu joined the Group in 2001. He set up Ginwa Enterprises Group ("Ginwa Group") in 1991 and is now the President of Ginwa Group. Mr. Wu graduated in Huazhong Normal University with a Master degree in Economic Management. He was granted the national titles of "Ten Most Outstanding Youth of China" in 1996, "Contribution Award of International Excellent Entrepreneur" in 1997 and "Chinese Excellent Youth Entrepreneur" in 2002. He is now the member of Chinese People's Political Consultative Conference (CPPCC), member of the Standing Committee of Chinese Youth Association, Chairman of the Chairmen Board of China Federation of Industrial Economics, and the Vice-Chairman of the China National Industry and Commerce Joint Association.

Hu Yangxiong

Mr. Hu Yangxiong ("Mr. Hu"), aged 47, joined the Board as an Independent Non-Executive Director in November 2001 and was re-designated as an Executive Director on 28th March 2006. Mr. Hu was appointed as the Vice-Chairman and Chief Executive Officer with effect from 17 May 2006.

Mr. Hu graduated from Zhengzhou Airline Industry Management Institute, Beijing Airline, Spaceflight University and Graduate School of the Chinese Academy of Social Sciences with major in Financial Management, Engineering Management and Economic Laws respectively. He is also qualified as CPA of China and Advanced Accountant. He was the deputy head of the Finance Department of Shaanxi Aviation Industry Bureau and the deputy head of Shaanxi Yuehua Certified Public Accountants.

Mr. Hu is currently a Director of New Taohuayuen Culture Tourism Co., Ltd. the shares of which are listed on the OTC Bulletin Board in the United States. In 2005, Mr. Hu resigned from directorship of Chang An Information Industry (Group) Co., Ltd. and Xi'an Seastar Modern-Tech Co., Ltd. both the shares of which are listed on the Shanghai Stock Exchange. Earlier in 2007, Mr. Hu resigned from directorship of Shaanxi Aerospace Power Hi Tech Co., Ltd. the shares of which are listed on the Shanghai Stock Exchange, and that of Shaanxi Northwest New Technology Industry Company Limited the shares of which are listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited

Qu Jiaqi

Mr. Qu Jiaqi ("Mr. Qu"), aged 49, was appointed Executive Director of the Company on 11 August 2007. He is currently Vice President and Director of Ginwa Enterprise (Group) Inc. ("Ginwa Enterprise") and General Manager of Century Ginwa Joint Stock Limited Company ("Century Ginwa"), both companies are connected persons of the Company as defined under the Listing Rules. Mr. Qu joined Ginwa Enterprise and Century Ginwa Group in 1999. Before that, Mr. Qu worked with several other large department stores and shopping malls in Xian, China.

Mr. Qu has nearly 30 years of working experience in department store business. Mr. Qu received Management education and training in Mainland China. He also received training in High Level Business Administration from the Open University of Hong Kong. He was awarded the "Shaanxi Province Outstanding Young Entrepreneur" in October 2000 and "China Professional Operational Management Master" (中國商業經營大師) in 2005. Mr. Qu is also a Representative of the 13th and 14th Xian City People's Assembly.

Li Haogang

Mr. Li ("Mr. Li"), aged 43, was appointed Executive Director of the Company on 11 August 2007. He is currently Assistant to President of Ginwa Enterprise (Group) Inc. ("Ginwa Enterprise") and General Affairs Assistant General Manager of Century Ginwa Joint Stock Limited Company ("Century Ginwa"), both companies are connected persons of the Company as defined under the Listing Rules. Mr. Li joined Ginwa Enterprise in 1988. Before that, Mr. Li worked with Shaanxi Jin Run Property Development Company.

Mr. Li has rich experience in corporate operations, management and business development. He was awarded the "Xian City Outstanding Young Entrepreneur" in 1996 and "The Seventh Year Shaanxi Province Excellent (Outstanding) Young Entrepreneur".

Sha YingJie

Mr. Sha ("Mr. Sha"), aged 50, was appointed Executive Director of the Company on 1 July 2007. He is currently the Financial Controller of Century Ginwa Joint Stock Company Limited ("Century Ginwa"), a connected person of the Company as defined under the Listing Rules. Mr. Sha joined Century Ginwa in 1997 and was appointed Financial Controller in 2004. Before Mr. Sha joined Century Ginwa, he once worked as Financial Controller of the Supply Station of XiBei Electrical Engineering Company Limited, and the Financial Controller of Xian Taiwan Hotel.

Mr. Sha has more than 20 years of working experience in commerce and finance. Mr. Sha received Management education and training in Mainland China. He also received training in High Level Business Administration from the Open University of Hong Kong. He was awarded China Career Manager in June 2003 and was appointed Taxation Practice Review Inspector by Xian Tax Bureau in the PRC in 2006.

Lai Chik Fan

Mr. Lai ("Mr. Lai"), aged 59, was appointed Executive Director of the Company on 11 August 2007. He was born in China and educated in Hong Kong. As a seasoned investment banker with over 25 years' experience in the industry, he is known for his knowledge, integrity and vast experience in the areas of investment banking and international equities sales and distribution. Mr. Lai is currently the Managing Director of AR Evans Capital Limited. In the past, he had worked for a number of investment banks, including Koffman Financial Holdings Limited, Paine Webber Hong Kong Limited, Merrill Lynch Asia Ltd, Smith Barney (Hong Kong) Ltd, and Chin Tung Securities Ltd.

Mr. Lai has been an independent non-executive director of Shanghai Zendai Properties Limited (listed on the Main Board) since May 2004. Mr. Lai was a non-executive director of China Medical and Bio Science Limited (listed on the GEM Board) until he resigned in August 2007.

Leung Siu Kuen, *MBA, B.Sc.(Econ.), (HK)CPA, ACMA*

Mr. Leung ("Mr. Leung") aged 46, joined the group on 6 February 2007 as Financial Controller and Company Secretary of the Group. He was appointed the Qualified Accountant and Company Secretary of the Company with effect from 28 February 2007. Mr. Leung was appointed Executive Director of the Company with effect from 26 April 2007.

Mr. Leung graduated from the Hong Kong Polytechnic. He holds a Master of Business Administration Degree and a Bachelor of Science (Economics) Degree. He is also a member of the Hong Kong Institute of Certified Public Accountants, and an Associate of the Chartered Institute of Management Accountants (U.K.). Before Mr. Leung joined the Group, he worked with several listed groups. Mr. Leung has more than 24 years of working experience including Auditing, Accounting, Project Administration, Finance and Company Secretarial.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chan Wai Kwong, Peter

Mr. Chan Wai Kwong, Peter ("Mr. Chan"), aged 54, was appointed as an Independent Non-Executive Director of the Company on 24th September 2004. Mr. Chan graduated with a bachelor degree in Social Science (Economics) from the University of Western Ontario, Canada in 1978. Mr. Chan has over 22 years' experience in marketing and business development. Mr. Chan is also an Executive Director of China Solar Energy Holdings Limited and Mobile Telecom Network (Holdings) Limited, an Independent Non-Executive Director of Shang Hua Holdings Limited, all are listed companies in Hong Kong.

Xiao Ming

Mr. Xiao Ming ("Mr. Xiao"), aged 50, graduated from the Xi'an University of Communications with major in accounting. He is currently the Chief Economist of the Shaanxi Certified Public Accountants and has extensive experience in accounting profession in China. Mr. Xiao does not hold any directorship with other listed companies.

Fu Wing Kwok, Ewing

Mr. Fu Wing Kwok, Ewing ("Mr. Fu"), aged 38, is the Chief Financial Officer and the Company Secretary of Sino Union Petroleum & Chemical International Limited, which is listed on the Main Board of the Stock Exchange of Hong Kong Limited. Mr. Fu is also responsible for the planning and supervising the implementation of the management information system of Sino Union. He holds a bachelor degree in science with major in accounting of Bemidji State University, USA and is a member of both American Institute of Certified Public Accountants and Hong Kong Institute of Certified Public Accountants. He has over 12 years of experience in auditing and accounting field.

The directors have pleasure in presenting their report together with the audited financial statements for year 31st December 2007 (the "year").

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and those of the subsidiaries are set out in note 18 to the financial statements.

RESULTS AND DIVIDENDS

The profit and cash flows of the Group for the year and the state of affairs of the Company and of the Group as at 31st December 2007 are set out in the financial statements on pages 25 to 87.

The directors do not recommend the payment of any dividends in respect of the year.

FINANCIAL SUMMARY

The summary of the consolidated results of the Group for the three years ended 30th June 2005, the period ended 31st December 2006 and the year ended 31st December 2007 and the assets and liabilities of the Group as at 30th June 2003, 2004 and 2005 and 31st December 2006 and 2007 are set out on page 88.

SHARE CAPITAL

Details of movements in share capital of the Company during the year are set out in note 27 to the financial statements.

SHARE OPTION SCHEME

In accordance with the terms of the share option scheme adopted by the Company pursuant to an ordinary resolution of the Company passed on 6th November 2001 (the "Share Option Scheme"), the Company may grant options to the eligible person of the Company to subscribe for shares in the Company, subject to a maximum of 30% of the issued share capital of the Company from time to time excluding for this purpose shares issued in the exercise of options for the purpose of providing incentives or rewards to selected eligible person for their contribution to the Group. The Share Option Scheme became effective on 6th November 2001, unless otherwise cancelled or amended according to the Share Option Scheme, will remain in force for 10 years from that date. Eligible person of the Share Option Scheme includes the followings:–

(i) any director, employee or consultant of the Company, a subsidiary or an affiliate; or

(ii) any discretionary trust whose discretionary objects include any director, employee or consultant of the Company, a subsidiary or an affiliate; or

(iii) a company beneficially owned by any director, employee or consultant of the Company, a subsidiary or an affiliate; or

(iv) any person or entity whose service to the Group or business with the Group contributes or is expected to contribute to the business or operation of the Group as may be determined by the directors from time to time.

SHARE OPTION SCHEME *(Continued)*

The exercise price of the share options shall be the higher of (i) the nominal value of the shares; (ii) the closing price of the shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant; and (iii) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant (subject to Scheme adjustments).

Details of movements in share options of the Company are set out in note 28 to the financial statements.

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in note 29 to the financial statements.

As at 31st December 2007, the Company's reserves of approximately HK$243,419,000 (2006: HK$9,771,000) (subject to provisions under the Companies Act 1981 of Bermuda, as amended) were available for distribution to the Company's shareholders. In addition, the share premium of the Company in the amount of approximately HK$307,872,000 (2006: HK$71,905,000), may be distributed in form of fully paid bonus shares.

CONVERTIBLE BOND

Details of movements in convertible bond of the Group and the Company during the year are set out in note 30 to the financial statements.

RETIREMENT BENEFITS

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"). The MPF Scheme is a defined contribution scheme managed by an independent trustee. Under the MPF scheme, each of the Group and its employees make monthly contribution to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. Both the employer's and the employee's contribution are subject to a cap of monthly earnings of HK$20,000 and thereafter contributions are voluntary. As stipulated by the rules and regulations in PRC, the Group contributes to a state-sponsored retirement plans for its employees in PRC. The Group contributes to retirement plans at specified percentages of the basic salaries of its employees, and has no further obligations for the actual payment of pensions or post-retirement benefits. The state-sponsored retirement plans are responsible for the entire pension obligations payable to retired employees.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group and the Company during the year are set out in note 14 to the financial statements.

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Group during the year are set out in note 25 to the financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 37 to the financial statements, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest subsisted at the end of the year or at any time during the year.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors of the Company who held office during the year and up to the date of this report were:–

Executive Directors

Mr. Wu Yijian *(Chairman)*	
Mr. Hu Yangxiong	
Mr. Leung Siu Kuen	(appointed on 26th April 2007)
Mr. Mo Keung	(resigned on 8th January 2007)
Mr. Lam Chung Fai	(resigned on 27th April 2007)
Mr. Sha Yingjie	(appointed on 1st July 2007)
Mr. Qu Jiaqi	(appointed on 11th August 2007)
Mr. Li Haogang	(appointed on 11th August 2007)
Mr. Lai Chik Fan	(appointed on 11th August 2007)

Independent Non-Executive Directors

Mr. Chan Wai Kwong, Peter	
Mr. Kwok Wing Wah	(resigned on 8th January 2007)
Mr. Xiao Ming	
Mr. Fu Wing Kwok, Ewing	(appointed on 8th January 2007)

In accordance with the Bye-law 86(2) of the Company, the newly appointed Executive Directors, Mr. Sha Yingjie, Mr. Qu Jiaqi, Mr. Li Haogang and Mr. Lai Chik Fan are subject to re-election at the forthcoming annual general meeting.

In accordance with the Bye-law 87(1) of the Company, Mr. Xiao Ming and Mr. Fu Wing Kwok, Ewing will retire from the office of directorship by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence from the Independent Non-Executive Directors, Mr. Chan Wai Kwong, Peter, Mr. Xiao Ming and Mr. Fu Wing Kwok, Ewing, and considers them to be independent for this year. The Company considers that each of such Independent Non-Executive Directors to be independent from the Group based on the Guidelines set out in Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Stock Exchange") ("Listing Rules").

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 8 to 10 of the annual report.

None of the directors had entered into any service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the directors and top five highest paid individuals of the Group are set out in note 8 to the financial statements.

CONNECTED TRANSACTIONS

The details of connected transactions of the Group which were discloseable under Chapter 14A of the Listing Rules are disclosed in note 37(b) to the financial statements.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31st December 2007, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") which: (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or (b) were required to be entered into the register required to be kept under Section 352 of the SFO, or (c) were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules (the "Model Code"), were as follows:–

(a) Long positions in the shares of HK$0.10 each

Name of director	Nature of interests	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company
Mr. Wu Yijian *(Note)*	Corporate interests	149,100,000	15.72%
Mr. Hu Yangxiong	Personal interests	2,150,000	0.23%
Mr. Leung Siu Kuen	Personal interests	42,000	0.00%

Note:–

Mr. Wu Yijian held 30% of the issued share capital in Best Mineral Resources Limited ("BMRL"). BMRL held 149,100,000 shares as at 31st December 2007. As such, Mr. Wu Yijian was deemed to be interested in 149,100,000 shares by virtue of his shareholding in BMRL.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY *(Continued)*

(b) Long positions in underlying shares

				Number of share options			
Name of grantee	Date of grant	Exercise price	Exercise period	Outstanding as at 1st January 2007	Granted during the year	Exercise during the year	Outstanding as at 31st December 2007
Mr. Hu Yangxiong	25th May 2006	HK$0.45	25th May 2006 to 25th May 2008	4,000,000	–	(4,000,000)	–
Mr. Lam Chung Fai *(Note)*	25th May 2006	HK$0.45	25th May 2006 to 25th May 2008	2,000,000	–	(2,000,000)	–
Mr. Sha Yingjie *(Note)*	25th May 2006	HK$0.45	25th May 2006 to 25th May 2008	2,000,000	–	–	2,000,000
Mr. Qu Jiaqi *(Note)*	25th May 2006	HK$0.45	25th May 2006 to 25th May 2008	3,900,000	–	–	3,900,000
Mr. Li Haogang *(Note)*	25th May 2006	HK$0.45	25th May 2006 to 25th May 2008	3,022,250	–	–	3,022,250
				14,922,250	–	(6,000,000)	8,922,250

Note:–

Mr. Lam Chung Fai resigned from the position of Executive Director of the Company on 27th April 2007. Mr. Sha Yingjie was appointed as Executive Director of the Company on 1st July 2007 and Mr. Qu Jiaqi and Mr. Li Haogang were appointed as Executive Directors of the Company on 11th August 2007. Save as disclosed above, no other share option which has been granted to the directors of the Company was exercised or cancelled during the year.

All the interests stated above represents long positions. No short positions were recorded in the register maintained by the Company under Section 352 of the SFO as at 31st December 2007.

Save as disclosed above, as at 31st December 2007, none of the directors or chief executives of the Company had, under Divisions 7 and 8 of the SFO, nor were they taken to or deemed to have under such provisions of the SFO, any interests and short positions 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) or any interests which are required to be notified to the Company and the Stock Exchange or any interests which are required to be entered into the register kept by the Company pursuant to Section 352 of the SFO or are required pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

As at 31st December 2007, so far as is known to the directors and chief executives of the Company, the following parties (other than a director or chief executive) had interests or short positions in the shares, underlying shares and debentures of the Company which would have been disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO have been recorded in the register kept by the Company pursuant to Section 336 of the SFO:–

Name of shareholder	Long positions/ short positions	Nature of interests	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company
BMRL	Long positions	Personal interests	149,100,000 *(Note 1)*	15.72%
Mr. Sean Liu	Long positions	Corporate interests	149,100,000 *(Note 1)*	15.72%
Ms. Chen Jing	Long positions	Family interests	149,100,000 *(Note 1)*	15.72%
Mr. Li Peng	Long positions	Personal interests	92,598,156 *(Note 2)*	9.76%
Mr. Shimomura Yoshihisa	Long positions	Personal interests	56,300,000	5.94%
Sinom (Hong Kong) Ltd	Long positions	Corporate interests	56,000,000	5.90%
International Financial Advisors (K.S.C.C.)	Long positions	Corporate interests	55,000,000	5.80%
Mr. Shi Guohua	Long positions	Personal interests	50,000,000	5.27%
Mr. Shi Guohua	Short positions	Personal interests	10,000,000	1.05%

Notes:–

(1) BMRL held 149,100,000 shares under its own name as at 31st December 2007. Mr. Sean Liu held 70% of the issued share capital of BMRL. As such, Mr. Sean Liu was deemed to be interested in 149,100,000 shares by virtue of his shareholding in BMRL. Mr. Sean Liu resigned from the position of Executive Director of the Company on 15th January 2006. Ms. Chen Jing is the spouse of Mr. Sean Liu and is deemed to be interested in 149,100,000 shares.

(2) Mr. Li Peng is entitled to subscribe for new ordinary shares at subscription price of HK$0.49 up to the amount of HK$48,118,000, as a result of the issue of warrants according to the Warrant Subscription Agreement dated 29th June 2007.

Save as disclosed above, the directors and chief executives of the Company were not aware that there is any person who, as at 31st December 2007, had an interest or a short position in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the directors of the Company is interested in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

MAJOR CUSTOMERS AND SUPPLIERS

For the year, the five largest customers of the Group accounted for approximately 0.7% of the Group's total turnover and the five largest suppliers of the Group accounted for approximately 20.1% of the Group's total purchases. The largest customer to the Group accounted for approximately 0.16% of the Group's total turnover while the largest supplier to the Group accounted for approximately 8.1% of the Group's total purchases.

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

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

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

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws and the laws in Bermuda.

SEGMENT INFORMATION

Analysis by principal activities and geographical markets of the Group's turnover and results for the year is provided in note 39 to the financial statements.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year.

MATERIAL LITIGATION

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance known to the directors to be pending or threatened by or against the Company or any of its subsidiaries.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors as at the date of this report, there is sufficient public float of more than 25% of the Company's shares in the market as required under the Listing Rules.

POST BALANCE SHEET EVENTS

Details of post balance sheet events of the Group are set out in note 40 to the financial statements.

AUDITORS

The financial statements for year ended 31st December 2007 have been audited by Messrs. PKF, who retire, and being eligible, offer themselves for re-appointment in the forthcoming annual general meeting.

On behalf of the Board

Wu Yijian
Chairman

Hong Kong, 18th April 2008

The Board is committed to upholding a high standard of corporate governance practices and business ethics in the firm belief that they are essential for maintaining and promoting investors' confidence and maximizing shareholders' returns.

The Board reviews its corporate governance practices and internal control policy and procedures from time to time in order to meet the rising expectations of stakeholders and comply with increasingly stringent regulatory requirements, and to fulfill its commitment to excellence in corporate governance.

The Board considers that the Company has complied throughout the year ended 31st December 2007 with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules, except for certain deviations. The corporate governance of the Company for the year is stated as follows:

BOARD OF DIRECTORS

The Board is charged with providing effective and responsible leadership for the Company. The directors, individually and collectively, must act in good faith in the best interests of the Company and its shareholders. The composition of the directors during the period is set out in the Directors' Report.

Reasonable notices were given to all directors an opportunity to attend board meetings, although not all notices were issued for at least 14 days in accordance with CG Code Provision A.1.3. The board reviewed the situation and resolved to give at least 14 days notice to all directors for regular board meetings in future.

None of the existing Independent Non-Executive Directors is appointed for a specific term. However, all the Directors (Executive and Independent Non-Executive) are subject to retirement at least once every three years under Bye-Law 87(1) of the Bye-Laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code Provision A.4.1.

As the Chairman of the Board was principally engaged in business in Mainland China and outside Hong Kong, he thus could not attend the annual general meeting of the Company for the years 2006 and 2007, which deviated from the requirements set out in CG Code Provision E.1.2. In future, the dates of general meetings will be more carefully selected and arranged to reduce the chance that it may happen again.

The Company has received from each of the Independent Non-Executive Directors a written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company thus considers all the Independent Non-Executive Directors are independent for the year.

OPERATIONS OF THE BOARD

The Board determines the corporate mission and broad strategies, monitors and controls operating and financial performance and sets appropriate policies to manage risks in pursuit of the Group's strategies objectives. Decisions involving financial statements, dividend policy, material contracts and major investments and divestments are reviewed and subject to approval by the Board. Other main roles of the Board are to ensure that adequate internal control systems and management information systems are in place, including being in compliance with every aspect of provisions of applicable laws, regulations, rules, directives and guidelines to create value for its shareholders, to ensure that the Company has adequate management to achieve the Company's strategic objectives.

According to CG Code Provision A.1.1, the Board should meet regularly and Board meetings should be held at least four times a year at approximately intervals. During the year, the Board met regularly and frequently for the review and approval on the business of department stores. Details of Directors' attendance of the Board, Shareholders, audit and remuneration committee meetings held for the year 31st December 2007 are set out as follows:–

		Board Meeting	AGM & SGM	Audit Committee	Remuneration Committee
Executive Directors					
	Wu Yijian	33/33	0/3	–	–
	Hu Yangxiong	32/33	3/3	2/2	4/4
Note 1	Lam Chung Fai	5/33	0/3	–	–
Note 2	Leung Siu Kuen	27/33	3/3	–	–
Note 3	Sha Yingjie	24/33	0/3	–	–
Note 4	Qu Jiaqi	22/33	0/3	–	–
Note 4	Li Haogang	22/33	0/3	–	–
Note 4	Lai Chik Fan	17/33	0/3	–	–
Independent Non-Executive Directors					
	Xiao Ming	31/33	0/3	2/2	4/4
	Chan Wai Kwong, Peter	31/33	0/3	2/2	4/4
	Fu Wing Kwok, Ewing	31/33	0/3	2/2	4/4

Notes:

1) resigned on 27th April 2007
2) appointed on 26th April 2007
3) appointed on 1st July 2007
4) appointed on 11th August 2007

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all the directors, all the directors confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31st December 2007.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for overseeing in preparation of accounts for each financial period with a view to ensuring such accounts give a true and fair view of the state of affairs of the Group and of the results and cashflow for that year. The Company's accounts are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgments and estimates made are prudent and reasonable.

NOMINATION COMMITTEE

The Board has not set up a nomination committee. The Executive Directors would consult Independent Non-Executive Directors on any nominations to the Board and the Board would review regularly the need to appoint additional Director with appropriate professional knowledge and industry experience.

REMUNERATION COMMITTEE

The remuneration committee is responsible for forming the remuneration's structure and policy of the Group, reviewing the remuneration packages of Executive Director and Senior Management, including bonuses and options granted under the Share Option Scheme, to ensure that such remuneration is reasonable and not excessive. Generally, their remunerations are determined based on their experience and qualifications, the Group's performance as well as market conditions.

The committee shall consist of not less than 2 members. Currently, the remuneration committee consists of three Independent Non-Executive Directors: Mr. Chan Wai Kwong, Peter, Mr. Xiao Ming and Mr. Fu Wing Kwok, Ewing and one Executive Director, Mr. Hu Yangxiong.

AUDIT COMMITTEE

The primary objective of the audit committee is to review the financial reporting process of the Group and its internal control system, oversee the audit process and perform other duties assigned by the Board and make recommendations for the Company to improve the quality of financial information to be disclosed. It also reviews the annual and interim reports of the Company prior to their approval by the Board. The audit committee shall consist of not less than 3 members. Currently, the audit committee consists of three Independent Non-Executive Directors: Mr. Chan Wai Kwong, Peter, Mr. Xiao Ming and Mr. Fu Wing Kwok, Ewing and one Executive Director, Mr. Hu Yangxiong.

The audit committee has reviewed with management and PKF, Certified Public Accountants the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters including the review of the audited results for the year ended 31st December 2007, and the unaudited interim results for the six months ended 30th June 2007 prior to their approval by the Board.

AUDITORS' REMUNERATION

During the year ended 31st December 2007, PKF, as the external auditors of the Company, have provided audit services to the Group in respect of 2007 financial statements of the Group at the fee of HK$560,000 (2006: HK$350,000) and HK$55,000 for the review of interim report for the six month ended 30th June 2007 (2006: HK$90,000).

INTERNAL CONTROL

The Board is responsible for maintaining a sound and effective system of internal controls in order to facilitate the effectiveness and efficiency of operations, safeguard assets against unauthorized use and dispositions of the Group's resources, ensure continuous maintenance of proper accounting records and the truth and fairness of the financial statements, as well as ensure compliance with relevant legislation and regulations. The system of internal controls is designed and implemented to provide reasonable, but not absolute, assurance against material misstatement or loss and manage rather than eliminate risks associated with its business activities.

The Board regularly reviews the effectiveness of the internal control system of the Group. In addition to the maintenance of an adequate system of internal controls for the existing business units of the Group, the Board is also committed to the continuous enhancement of the internal control system of the newly acquired business units in PRC.

During the year, the Board appointed an international consultancy services company, Baker Tilly Hong Kong Business Services Limited, to conduct a review of the internal controls system of the Group with particular focus on corporate governance, sales to receipts cycle, and purchases to payments cycle. The results of the internal control review were submitted to the Audit Committee for consideration. The Audit Committee has reviewed the results of the internal control review and is satisfied with the Group's internal controls.

PKF
Accountants &
business advisers

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To the Shareholders of
China Golden Development Holdings Limited
(Incorporated in Bermuda with limited liability)

We have audited the financial statements of China Golden Development Holdings Limited (the "Company") and its subsidiaries (collectively known as the "Group") set out on pages 25 to 87, which comprise the consolidated balance sheet and Company's balance sheet as at 31st December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year ended 31st December 2007, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

AUDITOR'S RESPONSIBILITY *(Continued)*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st December 2007 and of the profit and cash flows of the Group for the year ended 31st December 2007 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PKF
Certified Public Accountants

Hong Kong, 18th April 2008

For year ended 31st December 2007

	Note	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000
Continuing operations:–			
Turnover	5	429,957	108,763
Cost of sales		(346,805)	(86,087)
Gross profit		83,152	22,676
Other revenue	5	9,662	868
Selling and distribution expenses		(19,274)	(2,639)
General and administrative expenses		(60,495)	(40,171)
Profit/(loss) from operations		13,045	(19,266)
Finance costs	6	(2,289)	(3,384)
Profit/(loss) before income tax	7	10,756	(22,650)
Income tax expense	9	(5,426)	(1,051)
Profit/(loss) for the year/period from continuing operations		5,330	(23,701)
Discontinued operations:–			
Profit/(loss) for the year/period from discontinued operations	4(a)	–	(152,495)
Profit/(loss) for the year/period		5,330	(176,196)
Attributable to:			
– Shareholders of the Company	10	5,330	(151,202)
– Minority interests		–	(24,994)
		5,330	(176,196)
Basic earnings/(loss) per share (HK cents)	12		
– From continuing and discontinued operations		0.94	(33.88)
– From continuing operations		0.94	(5.31)
– From discontinued operations		N/A	(28.57)
Diluted earnings/(loss) per share (HK cents)	12		
– From continuing and discontinued operations		0.89	N/A
– From continuing operations		0.89	N/A
– From discontinued operations		N/A	N/A

Consolidated Balance Sheet

As at 31st December 2007

	Note	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	63,836	38,052
Loan receivables	15	10,000	20,000
Deposit paid for acquisition of subsidiaries		17,160	–
Goodwill	16	–	–
Intangible assets	17	15,578	16,559
		106,574	74,611
CURRENT ASSETS			
Inventories	19	7,606	3,014
Loan receivables	15	20,367	10,000
Prepayments and other receivables	20	29,252	4,201
Amounts due from related companies	21	60,006	13,364
Amount due from a shareholder		–	5,000
Unpledged time deposits	22	100,000	–
Cash and bank balances	22	138,115	17,696
		355,346	53,275
CURRENT LIABILITIES			
Trade payables	23	66,601	21,431
Accruals and other payables	24	30,094	19,168
Unsecured bank loan	25	1,059	–
Promissory note	31	2,480	–
Tax payable		3,845	1,051
		104,079	41,650
NET CURRENT ASSETS		251,267	11,625
TOTAL ASSETS LESS CURRENT LIABILITIES		357,841	86,236
NON-CURRENT LIABILITIES			
Convertible bond	30	–	8,516
Promissory note	31	–	12,807
		–	21,323
NET ASSETS		357,841	64,913
CAPITAL AND RESERVES			
Share capital	27	94,842	49,106
Reserves	29	262,999	15,807
TOTAL EQUITY		357,841	64,913

Approved and authorised for issue by the board of Directors on 18th April 2008

WU YIJIAN
DIRECTOR

HU YANGXIONG
DIRECTOR

As at 31st December 2007

	Note	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	–	–
Interests in subsidiaries	18	218,226	77,177
Deposit paid for acquisition of subsidiaries		17,160	–
		235,386	77,177
CURRENT ASSETS			
Prepayments and other receivables	20	5,404	372
Amount due from a shareholder		–	5,000
Unpledged time deposits	22	100,000	–
Cash at banks	22	8,410	3,766
		113,814	9,138
CURRENT LIABILITIES			
Accruals and other payables	24	4,142	1,229
Promissory note	31	2,480	–
		6,622	1,229
NET CURRENT ASSETS		107,192	7,909
TOTAL ASSETS LESS CURRENT LIABILITIES		342,578	85,086
NON-CURRENT LIABILITIES			
Convertible bond	30	–	8,516
Promissory note	31	–	12,807
		–	21,323
NET ASSETS		342,578	63,763
CAPITAL AND RESERVES			
Share capital	27	94,842	49,106
Reserves	29	247,736	14,657
TOTAL EQUITY		342,578	63,763

Approved and authorised for issue by the board of Directors on 18th April 2008

WU YIJIAN	**HU YANGXIONG**
DIRECTOR	*DIRECTOR*

Consolidated Cash Flow Statement

For year ended 31st December 2007

	Note	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the year/period		5,330	(176,196)
Adjustments for:			
Income tax expense		5,426	1,051
Interest income		(1,065)	(664)
Interest expense		124	2,305
Impairment loss on property, plant and equipment		–	108,775
Goodwill impairment charge		–	4,513
Guarantee profit		(4,327)	–
Depreciation		3,788	11,319
Amortisation of intangible assets		2,055	1,333
Bad debts written off		32	–
Waive of interest on convertible bond		(66)	–
Loss on disposal of subsidiaries		–	43,883
Loss on disposal of property, plant and equipment		669	4
Equity settled share-based payment expense		–	3,336
Provision for doubtful debts		–	300
Operating profit/(loss) before working capital changes		11,966	(41)
(Increase)/decrease in inventories		(1,798)	437
Decrease in trade receivables		–	5,407
(Increase)/decrease in prepayments and other receivables		(16,096)	6,753
Decrease/(increase) in amount due from a shareholder		5,000	(5,000)
Increase/(decrease) in trade payables		19,843	(2,625)
Increase/(decrease) in accruals and other payables		8,271	(3,555)
Cash generated from operations		27,186	1,376
Interest paid		(124)	(2,040)
Interest received		698	664
Tax paid		(2,932)	–
NET CASH GENERATED FROM OPERATING ACTIVITIES		24,828	–
CASH FLOWS FROM INVESTING ACTIVITIES			
Repayments of loan receivables		–	6,000
Purchase of property, plant and equipment		(14,085)	(482)
Proceeds from disposal of property, plant and equipment		–	145
Deposit paid for acquisition of subsidiaries		(14,505)	–
Net cash inflow on acquisition of subsidiaries	32(b)	–	2,507
Net cash inflow on disposal of subsidiaries	33	–	17,998
Net cash outflow on acquisition of business	32(a)	(136)	–
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES		(28,726)	26,168

	Note	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from new bank loan		1,059	–
Proceeds upon placing of shares		257,046	33,170
Proceeds upon exercise of share options		7,200	2,946
Proceeds upon issuing of warrants		2,455	–
Proceeds upon exercise of warrants		5,983	–
Repayments of secured guaranteed floating rate notes		–	(16,478)
Repayments of promissory note		(6,000)	(15,000)
Repayments of shareholder's loan		–	(12,000)
Advances to related companies		(46,642)	(2,502)
Repayments to directors		–	(27)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES		221,101	(9,891)
NET INCREASE IN CASH AND CASH EQUIVALENTS		217,203	16,277
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR/PERIOD		17,696	1,319
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		3,216	100
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR/PERIOD	22	238,115	17,696
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Unpledged time deposits		100,000	–
Cash and bank balances		138,115	17,696
		238,115	17,696

Consolidated Statement of Changes in Equity

For year ended 31st December 2007

	Attributable to equity holders of the Company											
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Share option reserve HK$'000	Convertible bond reserve HK$'000	Warrant reserve HK$'000	Statutory surplus reserve HK$'000	Exchange reserve HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
As at 1st July 2005, as previously reported	40,922	43,973	49,886	–	–	–	–	1,008	38,888	174,677	–	174,677
Minority interests (as previously presented separately from liabilities and equity)	–	–	–	–	–	–	–	–	–	–	24,994	24,994
As at 1st July 2005, as restated	40,922	43,973	49,886	–	–	–	–	1,008	38,888	174,677	24,994	199,671
Placing of shares	7,366	25,804	–	–	–	–	–	–	–	33,170	–	33,170
Exercise of share options	818	2,128	–	–	–	–	–	–	–	2,946	–	2,946
Grant of share options	–	–	–	3,336	–	–	–	–	–	3,336	–	3,336
Issuance of convertible bond	–	–	–	–	1,550	–	–	–	–	1,550	–	1,550
Disposal of interests in subsidiaries	–	–	–	–	–	–	–	(1,008)	–	(1,008)	–	(1,008)
Exchange difference arising from translation of financial statements of a foreign subsidiary	–	–	–	–	–	–	–	1,444	–	1,444	–	1,444
Loss for the period	–	–	–	–	–	–	–	–	(151,202)	(151,202)	(24,994)	(176,196)
As at 31st December 2006	49,106	71,905	49,886	3,336	1,550	–	–	1,444	(112,314)	64,913	–	64,913
As at 1st January 2007	49,106	71,905	49,886	3,336	1,550	–	–	1,444	(112,314)	64,913	–	64,913
Issue of warrants	–	–	–	–	–	2,455	–	–	–	2,455	–	2,455
Exercise of warrants	1,255	4,898	–	–	–	(170)	–	–	–	5,983	–	5,983
Placing of shares	41,228	215,818	–	–	–	–	–	–	–	257,046	–	257,046
Exercise of share options	1,600	6,904	–	(1,304)	–	–	–	–	–	7,200	–	7,200
Conversion of convertible bond	1,653	8,347	–	–	(1,550)	–	–	–	–	8,450	–	8,450
Exchange difference arising from translation of financial statements of foreign subsidiaries	–	–	–	–	–	–	–	6,464	–	6,464	–	6,464
Profit for the year	–	–	–	–	–	–	–	–	5,330	5,330	–	5,330
Transfer from retained earnings	–	–	–	–	–	–	804	–	(804)	–	–	–
As at 31st December 2007	**94,842**	**307,872**	**49,886**	**2,032**	**–**	**2,285**	**804**	**7,908**	**(107,788)**	**357,841**	**–**	**357,841**

1. GENERAL INFORMATION

China Golden Development Holdings Limited (the "Company") was incorporated in Bermuda on 8th August 2000 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. Its shares have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 23rd October 2000. The address of its registered office is Units C & D, 7/F., China Overseas Building, No.139 Hennessy Road, Wanchai, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries (together with the Company hereinafter referred to as the "Group") are set out in note 18 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below:–

(a) Basis of preparation

These financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which also includes Hong Kong Accounting Standards ("HKAS") and Interpretations approved by the HKICPA, and are prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3 to the financial statements.

In the current year, the Group adopted the new/revised standards and interpretations of HKFRS below, which are relevant to its operations.

HKAS 1 (Amendment)	Presentation of Financial Statements, Paragraphs 124A to 124C
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

The initial application of these Hong Kong Financial Reporting Standards does not necessitate material changes in the Group's accounting policies or retrospective adjustments of the comparatives presented.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31st December 2007. The results of subsidiaries acquired or disposed of during the year are dealt with in the consolidated income statement from the dates of acquisition or to the dates of disposal respectively. All significant intra-group transactions and balances have been eliminated on consolidation.

Minority interests represent the results and net assets of the subsidiaries attributable to equity interests not owned, directly or indirectly, by the Company.

(c) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

(d) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in provision of products or services (business segment), or in provision of products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets and liabilities are determined before inter-segment balances and inter-segment transactions are eliminated as part of the consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Translation of foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation difference on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(iii) Group companies

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

(1) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

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

(3) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Discontinued operation

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale, and: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale.

(g) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less aggregate depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance, is charged to the income statement in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the fixed asset, the expenditure is capitalised as an additional cost of the asset.

Depreciation is calculated to write off the cost of assets less any estimated residual value, on a straight-line basis over their estimated useful lives as follows:–

Cruise ship	–	25 years
Furniture and equipment	–	5 years
Motor vehicles	–	5 years
Leasehold improvement	–	5 to 50 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gain or loss arising from the retirement or disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and is recognised in the income statement on the date of retirement or disposal.

(h) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate/jointly controlled entity at the date of acquisition. Goodwill on acquisitions of subsidiaries and jointly controlled entities is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Licence

Licence is stated at cost less accumulated amortisation and any impairment loss. Amortisation is calculated on a straight-line basis over its estimated useful life of 10 years.

(j) Impairment of assets

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

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated on a first-in, first-out basis and includes all costs of purchase, and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on the estimated selling price in the ordinary course of business less the estimated costs of selling expenses.

(l) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(m) Cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(n) Share capital

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the year of the borrowings using the effective interest method.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

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

(p) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Income tax *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(q) Employee benefits

Salaries, annual bonuses, annual leave entitlements and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

Obligations for contributions to retirement plans, including contributions payable under the Hong Kong Mandatory Provident Fund Schemes Ordinance and the People's Republic of China (the "PRC") central pension scheme, are recognised as an expense in the income statement as incurred.

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(s) Revenue recognition

Revenue is recognised when the outcome of a transaction can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the Group.

Cruise revenue is recognised when the relevant services have been rendered. Cruise revenue, and all associated direct costs of a voyage, are generally recognised on a pro rata basis over the year.

Revenue from sales of goods is recognised when the significant risks and rewards of ownership of goods have been transferred to the buyer.

Rental income is recognised on a straight-line basis over the year of the respective leases.

Catering income is recognised at the time when the services are rendered.

Interest income is recognised on a time proportion basis on the principal outstanding and at the rate applicable.

(t) Leases

Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the years of the respective leases.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Related parties

An individual is related to the Company if the individual (i) has, directly or indirectly, control or joint control or significant influence over the Company, or (ii) is member of the key management personnel of the Company, or (iii) if the individual is a close member of the family of the individual in or (ii).

An entity is related to the Company if the entity (i) has, directly or indirectly, control or joint control or significant influence over the Company, or (ii) is controlled by or under common control with the Company, or (iii) is an associate or jointly controlled entity of the Company, or (iv) is controlled, jointly-controlled or significantly influenced by an individual related to the Company.

(v) Recently issued accounting standards

The following Hong Kong Financial Reporting Standards in issue at 31st December 2007 have not been applied in the preparation of the consolidated financial statements for the year ended 31st December 2007 since they were not yet effective for the annual period beginning on 1st January 2007:–

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The Group is required to initially apply HK(IFRIC)-Int 11, HK(IFRIC)-Int 12 and HK(IFRIC)-Int 14 in its annual financial statements beginning on 1st January 2008, and to initially apply HKAS 1 (Revised), HKAS 23 (Revised), HKFRS 8 and HK(IFRIC)-Int 13 in its annual financial statements beginning on 1st January 2009.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Key sources of estimation uncertainty

In the process of applying the Group's accounting policies, which are described in note 2 to the financial statements, management had made the following estimates and assumptions that have the most significant effect on the amounts recognised in the financial statements.

(i) *Inventories*

Note 2 to the financial statements describes that inventories are stated at the lower of cost and net realisable value. Net realisation value is the estimated selling price in the ordinary course of business, less the estimated costs of selling expenses.

The Group does not have a general provisioning policy on inventory based on ageing given the nature of inventories that are not subject to frequent wear and tear and frequent technological changes. However, operational procedures have been in place to monitor this risk as majority of working capital is devoted to inventories. The sales and marketing managers review the inventory ageing listing on a periodical basis for those aged inventories. This involves comparison of carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether allowance is required to be made in the financial statements for any obsolete and slow-moving items. In addition, physical count on all inventories are carried out on a periodical basis in order to determine whether allowance need to be made in respect of any obsolete and defective inventories identified. In this regards, the directors of the Group are satisfied that this risk is minimal and adequate provision for obsolete and slow-moving inventories has been made in the financial statements.

(ii) *Depreciation*

The management determines the estimated useful lives and related depreciation of the property, plant and equipment as set out in note 2 to the financial statements. The estimate is based on projected lifecycles of the assets. Management will increase the depreciation expense where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives, using straight-line method.

(iii) *Impairment of goodwill*

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(a) Key sources of estimation uncertainty *(Continued)*

(iv) Income tax

The Group is subject to income taxes in various regions within the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision of income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact the income tax and tax provisions in the period in which the differences are realised.

(b) Critical judgements

In the process of applying the Group's accounting policies, judgements that can significantly affect the amounts recognised in the financial statements are made in determining:–

(i) whether the significant risks and rewards of ownership of goods have been transferred to the buyer;

(ii) whether there is an indication of impairment of assets;

(iii) the expected manner of recovery of the carrying amount of assets;

(iv) the discount rates used to calculate the recoverable amount of goodwill and other assets for the purpose of impairment review; and

(v) the valuation method used to calculate the fair value of share options at the measurement date.

4. DISCONTINUED OPERATIONS

The Company entered into a sale and purchase agreement with a third party on 25th September 2006 to dispose of its entire 100% direct equity interest in All Chance Resources Limited, and entire 100% indirect equity interest in Best Paradise Assets Limited ("Best Paradise"), China Golden Fountain Limited and Ming Fai Princess Entertainment Limited ("Ming Fai") and entire 51% indirect equity interest in Pacific Cruises (Hainan) Limited ("Pacific Cruises") (collectively known as the "Disposed Group") at a total consideration of HK$18,000,000. The Disposed Group is principally engaged in the provision of cruise and cruise-related business segment of the Group.

4. DISCONTINUED OPERATIONS *(Continued)*

(a) The loss for the year/period from the discontinued operations is analysed as follows:–

	Note	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000
Loss of cruise and cruise-related business operation for the year/period		–	(108,612)
Loss on disposal of cruise and cruise-related business operation	33	–	(43,883)
		–	(152,495)

(b) The results of the discontinued operations are as follows:–

	Note	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000
Turnover	5	–	15,000
Cost of sales		–	(13,540)
Gross profit		–	1,460
Other revenue	5	–	2,065
Impairment loss of property, plant and equipment		–	(108,775)
General and administrative expenses		–	(3,362)
Loss before income tax	7	–	(108,612)
Income tax expense		–	–
Loss for the year/period from discontinued operations		–	(108,612)
Attributable to:			
Shareholders of the Company		–	(83,618)
Minority interests		–	(24,994)
		–	(108,612)

(c) The net cash flows of the discontinued operations are as follows:–

	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000
Net cash outflow from operating activities	–	(1,068)
Net cash outflow incurred by the discontinued operations	–	(1,068)

5. TURNOVER AND REVENUE

Turnover of continuing operations represents the invoiced value of goods sold less returns and discounts.

Turnover of discontinued operations represents cruise and cruise-related revenues comprise sales of passenger tickets and revenues from on-board services, licensing of amusement facilities, other related services, including food and beverages.

An analysis of the Group's turnover and other revenue is as follows:–

	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000
Turnover		
– Continuing operations		
– Sales of goods – direct sales	40,544	13,952
– Gross proceeds from concessionaire sales – note	379,711	91,453
– Rental income	7,395	3,358
– Catering income	2,307	–
	429,957	108,763
– Discontinued operations	–	15,000
	429,957	123,763
Note: The concessionaire sales are analysed as follows:–		
Gross proceeds from concessionaire sales	379,711	91,453
Net proceeds from concessionaire sales	67,717	17,371
Other revenue		
– Continuing operations		
– Interest income	1,065	99
– Guarantee profit	4,327	–
– Service fee income	305	228
– Exchange gain	–	63
– Waive of interest on convertible bond	66	–
– Others	3,899	478
	9,662	868
– Discontinued operations		
– Interest income	–	565
– Guaranteed pro rata entitlement recognised in respect of sharing of the net profits of the gaming facilities of the Cruise Ship as set out in note 15(a) to these financial statements	–	1,500
	–	2,065
	9,662	2,933

6. FINANCE COSTS

	Continuing operations		Discontinued operations		Consolidated	
	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000
Interest on borrowings wholly repayable within five years	24	2,040	–	–	24	2,040
Interest on convertible bond	–	66	–	–	–	66
Interest on promissory note	100	199	–	–	100	199
Bank charges	2,165	1,079	–	–	2,165	1,079
	2,289	3,384	–	–	2,289	3,384

7. PROFIT/(LOSS) BEFORE INCOME TAX

	Continuing operations		Discontinued operations		Consolidated	
	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000
Profit/(loss) before income tax is arrived at after charging:–						
Auditor's remuneration	615	440	–	–	615	440
Staff costs, including directors' emoluments as set out in note 8 below:–						
– Salaries and other staff costs	22,788	10,045	–	521	22,788	10,566
– Pension scheme contributions	1,209	529	–	4	1,209	533
– Equity settled share-based payment expense	–	3,336	–	–	–	3,336
	23,997	13,910	–	525	23,997	14,435
Depreciation	3,788	1,917	–	9,402	3,788	11,319
Impairment loss of property, plant and equipment	–	–	–	108,775	–	108,775
Goodwill impairment charge	–	1,711	–	2,802	–	4,513
Amortisation of intangible assets	2,055	1,333	–	–	2,055	1,333
Minimum lease payments under operating leases:–						
– Office premises	14,034	5,543	–	–	14,034	5,543
– Staff quarters included in staff costs as set out above	132	203	–	–	132	203
	14,166	5,746	–	–	14,166	5,746
Loss on disposal of property, plant and equipment	669	4	–	–	669	4
Provision for doubtful debts	–	300	–	–	–	300
Bad debts written off	32	–	–	–	32	–
Net exchange loss	260	–	–	–	260	–
and after crediting:–						
Interest income	1,065	99	–	565	1,065	664
Guaranteed pro rata entitlement recognised in respect of sharing of the net profits of the gaming facilities of the Cruise Ship as set out in note 15(a) to these financial statements	–	–	–	1,500	–	1,500
Guarantee profit	4,327	–	–	–	4,327	–
Net exchange gain	–	63	–	–	–	63

8. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS

(a) Directors

The remuneration of each director for the year ended 31st December 2007 and the period ended 31st December 2006 are set out below:–

	Year ended 31st December 2007						
Name of director	Fees HK$'000	Salaries, allowances and other benefits in kind HK$'000 *(note i)*	Bonuses HK$'000	Pension scheme contributions HK$'000	Sub-total HK$'000	Share based payment HK$'000 *(note i)*	Total HK$'000
Mr. Wu Yijian *(Chairman)*	–	325	–	–	325	–	325
Mr. Hu Yangxiong *(Vice-chairman)*	–	1,237	–	12	1,249	–	1,249
Mr. Leung Siu Kuen *(note ii)*	–	540	–	8	548	–	548
Mr. Sha Yingjie *(note iii)*	–	48	–	–	48	–	48
Mr. Qu Jiaqi *(note iv)*	–	9	–	–	9	–	9
Mr. Li Haogang *(note iv)*	–	–	–	–	–	–	–
Mr. Lai Chik Fan *(note iv)*	–	–	–	–	–	–	–
Mr. Mo Keung *(note v)*	–	–	–	1	1	–	1
Mr. Lam Chung Fai *(note vi)*	–	313	–	4	317	–	317
Mr. Chan Wai Kwong, Peter	86	–	–	–	86	–	86
Mr. Kwok Wing Wah *(note v)*	2	–	–	–	2	–	2
Mr. Xiao Ming	86	–	–	–	86	–	86
Mr. Fu Wing Kwok, Ewing *(note vii)*	84	–	–	–	84	–	84
	258	2,472	–	25	2,755	–	2,755

8. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS *(Continued)*

(a) Directors *(Continued)*

	Period ended 31st December 2006						
Name of director	Fees HK$'000	Salaries, allowances and other benefits in kind HK$'000 *(note i)*	Bonuses HK$'000	Pension scheme contributions HK$'000	Sub-total HK$'000	Share based payment HK$'000 *(note i)*	Total HK$'000
Mr. Wu Yijian *(Chairman)*	–	–	–	–	–	–	–
Mr. Hu Yangxiong *(Vice-chairman)*	15	970	–	6	991	326	1,317
Mr. Sean Liu	–	400	–	6	406	–	406
Mr. Qin Chuan	–	–	–	–	–	–	–
Mr. Chan Wing Yau, George	–	1,800	–	18	1,818	–	1,818
Mr. Cheng Koon Cheung	–	–	–	–	–	–	–
Mr. Mo Keung	–	–	–	–	–	–	–
Mr. Lam Chung Fai	–	581	–	6	587	163	750
Mr. Chan Wai Kwong, Peter	111	–	–	–	111	–	111
Mr. Kwok Wing Wah	111	–	–	–	111	–	111
Mr. Xiao Ming	66	–	–	–	66	–	66
	303	3,751	–	36	4,090	489	4,579

Notes:–

(i) Salaries, allowances and other benefits in kind included basic salaries, housing and other allowances and benefits in kind. The share based payment represents fair value at the date the share options were granted and accepted under the scheme amortised to the income statement during the year disregarding whether the options have been exercised or not.

(ii) Appointed on 26th April 2007.

(iii) Appointed on 1st July 2007.

(iv) Appointed on 11th August 2007.

(v) Resigned on 8th January 2007.

(vi) Resigned on 27th April 2007.

(vii) Appointed on 8th January 2007.

8. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS *(Continued)*

(a) Directors *(Continued)*

During the year ended 31st December 2007, no share option was granted to directors in respect of their services to the Group.

No directors waived any emolument during the year/period.

(b) Five highest paid individuals

Among the five highest paid individuals of the Group, four (2006: four) are directors of the Company and the details of their remuneration have already been disclosed above.

The emoluments and designated band of the remaining one (2006: one) non-director, highest paid employee were as follows:–

	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000
Salaries, allowances and other benefits in kind	**306**	396
Pension scheme contributions	**2**	16
Equity settled share-based payment expense	**–**	81
	308	493

The emoluments of that non-director, highest paid employee fell within the band of nil to HK$1,000,000.

During the year ended 31st December 2007, no share option was granted to the above one non-director, highest paid employee in respect of his services to the Group.

During the year, no emoluments were paid by the Group to the five highest paid employees, including the director of the Company, as an inducement to join, or upon joining the Group.

9. INCOME TAX EXPENSE

	Continuing operations		Discontinued operations		Consolidated	
	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000
Current tax:–						
Provision for the year/period	4,939	1,051	–	–	4,939	1,051
Under-provision in respect of previous year	487	–	–	–	487	–
	5,426	1,051	–	–	5,426	1,051

(a) The Company and its subsidiaries are subject to income tax on an entity basis on income arising in or derived from the tax jurisdiction in which they operate.

The Company is exempted from taxation in Bermuda until March 2016.

The statutory PRC corporate income tax rate is 33%. The subsidiaries of the Group operated in the PRC are subject to PRC corporate income tax as follows:–

– Xian Century Ginwa Property Investments Company Limited ("Xian Century Ginwa") enjoys a preferential tax treatment as being a foreign investment enterprise located in the western region of PRC, including a reduction in PRC corporate income tax to 15% until 2010.

– Century Ginwa Urumqi Shopping Mall Company Limited ("Century Ginwa Urumqi") enjoys a preferential tax treatment as being a foreign investment enterprise located in the western region of PRC, including a reduction in PRC corporate income tax rate to 30%.

On 16th March 2007, the National people's Congress approved the Corporate Income Tax Law of the PRC (the "New CIT Law"), which is effective from 1st January 2008. Under the New CIT Law, the corporate income tax rate applicable to domestic companies and foreign investment enterprises from 1st January 2008 will decrease from 33% to 25%. This reduction in the income tax rate will directly reduce the Group's effective tax rate prospectively from 2008. According to HKFRS 12, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. The change in the corporate income tax rate has had no significant impact on the results and financial position of the Group for the year ended 31st December 2007.

The statutory Hong Kong profits tax rate is 17.5% (2006: 17.5%). No provision for Hong Kong profits tax has been made as the companies in the Group have no assessable profits for the year/period.

Details of the deferred taxation are shown in note 26 to these financial statements.

9. INCOME TAX EXPENSE *(Continued)*

(b) The income tax expense for the year/period can be reconciled to the profit/(loss) per income statement as follows:–

	Hong Kong		PRC		Total	
	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000
(Loss)/profit before income tax						
Continuing operations	(1,649)	(25,459)	12,405	2,809	10,756	(22,650)
Discontinued operations	–	(152,495)	–	–	–	(152,495)
	(1,649)	(177,954)	12,405	2,809	10,756	(175,145)
Applicable tax rate (%)	17.5	17.5	33	33	N/A	N/A
Tax on (loss)/profit before income tax, calculated at the applicable tax rate	(288)	(31,142)	4,093	927	3,805	(30,215)
Tax effect of non-deductible expenses/(non-taxable income) in determining taxable profit	(364)	27,629	3,259	161	2,895	27,790
Tax effect of unrecognised decelerated/(accelerated) depreciation allowances	5	9	37	(37)	42	(28)
Differential tax rate on the profit of certain subsidiaries	–	–	(2,450)	–	(2,450)	–
Tax effect of unrecognised tax losses	647	3,504	–	–	647	3,504
Under-provision in respect of previous years	–	–	487	–	487	–
Income tax expense	–	–	5,426	1,051	5,426	1,051

10. PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY SHAREHOLDERS

Profit/(loss) attributable to equity shareholders includes a loss of HK$2,319,000 (2006: HK$78,042,000) which has been dealt with in the financial statements of the Company.

11. DIVIDENDS

The directors do not recommend the payment of dividends for the year ended 31st December 2007 (2006: Nil).

12. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings per share for the year ended 31st December 2007 is based on the following data:–

	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000
Profit/(loss):		
(a) From continuing and discontinued operations		
Profit/(loss) for the year/period attributable to equity shareholders, used in the basic earnings/(loss) per share calculation	5,330	(151,202)
(b) From continuing operations		
Profit/(loss) for the year/period from continuing operations attributable to equity shareholders, used in the basic earnings/(loss) per share calculation	5,330	(23,701)
(c) From discontinued operations		
Loss for the year/period from discontinued operations attributable to equity shareholders, used in the basic loss per share calculation	–	(127,501)

12. EARNINGS/(LOSS) PER SHARE *(Continued)*

	Year ended 31.12.2007	Period from 1.7.2005 to 31.12.2006
Number of ordinary shares:–		
Weighted average number of ordinary shares in issue during the year/period used in the basic earnings/(loss) per share calculation	565,139,747	446,253,759
Effect of dilutive potential ordinary shares:–		
Share options	6,144,126	–
Warrants	18,009,921	–
Convertible bond	11,592,890	–
Weighted average number of ordinary shares in issue during the year/period used in the diluted earnings/(loss) per share calculation	600,886,684	446,253,759

The exercise of the outstanding share options has no dilutive effect for the period ended 31st December 2006 because the exercise price of the Company's share options was higher than the average market price of the shares during the period.

The convertible bond has no dilutive effect for the period ended 31st December 2006.

13. RETIREMENT BENEFIT COSTS

Since 1st December 2000, the Group had joined a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all eligible employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with rules of MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group's contribution to such scheme for the year ended 31st December 2007 amounted to approximately HK$63,000 (2006: HK$103,000).

The Company's subsidiaries in the PRC have participated in a central pension scheme. Contributions are made by the subsidiaries to the scheme based on a percentage of the applicable payroll costs. The Group has no obligation other than the above-mentioned contributions.

The Group's contribution to the state-sponsored retirement plan for the year ended 31st December 2007 amounted to approximately HK$1,146,000 (2006: HK$430,000).

14. PROPERTY, PLANT AND EQUIPMENT

The Group	Cruise ship HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Leasehold improvement HK$'000	Construction in progress HK$'000	Total HK$'000
Cost:–						
As at 1st July 2005	200,036	1,873	–	–	–	201,909
Exchange difference	–	117	–	1,402	–	1,519
Acquisition of subsidiaries	–	2,935	–	35,035	–	37,970
Additions	–	440	–	42	–	482
Disposals	–	(90)	–	(189)	–	(279)
Disposals of subsidiaries	(200,036)	(1,622)	–	–	–	(201,658)
As at 31st December 2006	–	3,653	–	36,290	–	39,943
Accumulated depreciation:–						
As at 1st July 2005	28,985	1,100	–	–	–	30,085
Charge for the period	8,776	1,257	–	1,286	–	11,319
Written back on disposals	–	(34)	–	(96)	–	(130)
Disposals of subsidiaries	(37,761)	(1,622)	–	–	–	(39,383)
As at 31st December 2006	–	701	–	1,190	–	1,891
Impairment loss:–						
Charge for the period	108,775	–	–	–	–	108,775
Disposals of subsidiaries	(108,775)	–	–	–	–	(108,775)
As at 31st December 2006	–	–	–	–	–	–
Carrying amount:–						
As at 31st December 2006	–	2,952	–	35,100	–	38,052
Cost:–						
As at 1st January 2007	–	3,653	–	36,290	–	39,943
Exchange difference	–	232	–	2,471	–	2,703
Acquisition of business	–	9,074	530	4,078	–	13,682
Additions	–	7,243	204	4,260	2,378	14,085
Disposals	–	(74)	–	(1,683)	–	(1,757)
As at 31st December 2007	**–**	**20,128**	**734**	**45,416**	**2,378**	**68,656**
Accumulated depreciation:–						
As at 1st January 2007	–	701	–	1,190	–	1,891
Exchange difference	–	100	–	129	–	229
Charge for the year	–	1,637	27	2,124	–	3,788
Written back on disposals	–	(37)	–	(1,051)	–	(1,088)
As at 31st December 2007	**–**	**2,401**	**27**	**2,392**	**–**	**4,820**
Carrying amount:–						
As at 31st December 2007	**–**	**17,727**	**707**	**43,024**	**2,378**	**63,836**

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The Company	Furniture and equipment HK$'000
Cost:–	
As at 1st July 2005 and 31st December 2006	50
Accumulated depreciation:–	
As at 1st July 2005	3
Charge for the period	47
As at 31st December 2006	50
Carrying amount:–	
As at 31st December 2006	–
Cost:–	
As at 1st January 2007 and 31st December 2007	**50**
Accumulated depreciation:–	
As at 1st January 2007 and 31st December 2007	**50**
Carrying amount:–	
As at 31st December 2007	**–**

15. LOAN RECEIVABLES

	2007 HK$'000	2006 HK$'000
As at 1st January 2007/1st July 2005	30,000	–
Reclassified to loan receivables	–	36,000
	30,000	36,000
Add: Interest receivable	367	–
Less: Received during the year/period	–	(6,000)
As at 31st December 2007/2006	30,367	30,000
Less: Receivable within one year	(20,367)	(10,000)
Non-current portion	10,000	20,000

Notes:–

(a) On 28th December 2004, Ming Fai entered into an agreement (the "Agreement") with Anglo View Limited (the "Licensee") and Mr. Cai Jun Jie who is the sole legal and beneficial owner of the Licensee. Pursuant to the Agreement, Ming Fai has paid HK$40,000,000 (the "Consideration") to the Licensee in consideration of the Licensee undertakes with Ming Fai that it shall pay to Ming Fai 20% of the net profits of the gaming facilities of the Cruise Ship for a period of 5 years commencing on 1st January 2005. The aforesaid share of profits shall be payable semi-annually. The Licensee guarantees to Ming Fai that the aforesaid share of annual profits in the two years ended 31st December 2006 shall not be less than HK$5,000,000 each and the aforesaid share of annual profits in the three years ending 31st December 2009 shall not be less than HK$10,000,000 each.

The guaranteed share of profits for the half-year ended 30th June 2005 in the amount of HK$2,500,000 has already been received by Ming Fai in September 2005 and was recognised as revenue in the year ended 30th June 2005.

(b) On 7th October 2005, Ming Fai entered into a supplemental agreement (the "Supplemental Agreement") with the Licensee whereby Ming Fai agreed with the Licensee to give up its right to the profits sharing arrangement under the Agreement dated 28th December 2004 as detailed in note 15(a) above in exchange of a fixed return from the Licensee, calculated as 2% on the amount of repayment of the outstanding Consideration to be received. The repayments will be made semi-annually in the amount of HK$2,550,000 (including repayment of Consideration in the amount of HK$2,500,000) for the three half-years ended 31st December 2006 and HK$5,100,000 (including repayment of Consideration in the amount of HK$5,000,000) for the six half-years ending 31st December 2009.

(c) On 25th September 2006, Ming Fai, Bright Chance (Asia) Limited ("Bright Chance") and Mr. Cai Jun Jie entered into a loan assignment agreement. Pursuant to the loan assignment agreement, Ming Fai agreed to assign all its rights and benefits in the loan receivables balance of HK$30,000,000 to Bright Chance at a total consideration of HK$30,000,000. The loan receivables balance is interest-bearing at 2% per annum and the repayments will be made semi-annually in the amount of HK$5,100,000 (including repayment of the principal in the amount of HK$5,000,000) for the six half-years ending 31st December 2009.

(d) The directors consider that there is no impairment in value on the carrying value of such asset as at 31st December 2007.

16. GOODWILL

	HK$'000
Cost:–	
As at 1st July 2005	7,052
Elimination of accumulated amortisation prior to the adoption of HKFRS 3	(4,250)
	2,802
Arising on acquisition of subsidiaries *(note 32(b))*	1,711
As at 31st December 2006	4,513
Accumulated amortisation:–	
As at 1st July 2005	4,250
Elimination of accumulated amortisation prior to the adoption of HKFRS 3	(4,250)
As at 31st December 2006	–
Impairment loss:–	
Charge for the period and as at 31st December 2006	4,513
Carrying amount:–	
As at 31st December 2006	–
Cost:–	
As at 1st January 2007 and 31st December 2007	**4,513**
Accumulated amortisation:–	
As at 1st January 2007 and 31st December 2007	**–**
Impairment loss:–	
As at 1st January 2007 and 31st December 2007	**4,513**
Carrying amount:–	
As at 31st December 2007	**–**

16. GOODWILL *(Continued)*

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:–

	2007 HK$'000	2006 HK$'000
Cruise and cruise-related business *(note 16(a))*	**2,802**	2,802
Operation of a department store *(note 16(b))*	**1,711**	1,711
	4,513	4,513

Notes:–

(a) The goodwill was related to the acquisition of the entire 100% equity interest in Best Paradise and its 51% indirect equity interest in Pacific Cruises.

(b) The goodwill was related to the acquisition of Silver Light Group as mentioned in note 32(b) to financial statements.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

17. INTANGIBLE ASSETS

	Licence HK$'000
Cost:–	
Acquisition of subsidiaries	17,204
Exchange difference	688
As at 31st December 2006	17,892
Accumulated amortisation:–	
Charge for the period and as at 31st December 2006	1,333
Carrying amount:–	
As at 31st December 2006	16,559
Cost:–	
As at 1st January 2007	17,892
Exchange difference	1,253
As at 31st December 2007	**19,145**
Accumulated amortisation:–	
As at 1st January 2007	1,333
Exchange difference	179
Charge for the year	2,055
As at 31st December 2007	**3,567**
Carrying amount:–	
As at 31st December 2007	**15,578**

18. INTERESTS IN SUBSIDIARIES

	The Company	
	2007 HK$'000	2006 HK$'000
Unlisted shares, at cost	1	1
Amounts due from subsidiaries	244,073	98,369
Amount due to subsidiaries	(6,848)	(2,193)
	237,226	96,177
Impairment losses	(19,000)	(19,000)
	218,226	77,177

The amounts due from/(to) subsidiaries were interest-free, unsecured and not expected to be realised (not to be settled) within one year from the balance sheet date.

The underlying value of the investments in subsidiaries was, in the opinion of the directors, not less than its carrying value as at 31st December 2007.

Details of the subsidiaries as at 31st December 2007 are as follows:–

Name	Place of incorporation/ establishment and operation	Particulars of issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company		Principal activities
			Directly	Indirectly	
Bright Chance (Asia) Limited	Hong Kong	HK$1,000	100%	–	Provision of administrative services
China King Management Limited	Hong Kong	HK$1	100%	–	Investment holding
China Rich International Management Limited	Hong Kong	HK$1	100%	–	Investment holding
Xian Century Ginwa Property Investments Company Limited	People's Republic of China	HK$65,000,000	–	100%	Operation of a shopping mall
Century Ginwa Urumqi Shopping Mall (H.K.) Limited	Hong Kong	HK$10	–	100%	Investment holding
Century Ginwa Urumqi Shopping Mall Company Limited	People's Republic of China	RMB50,000,000	–	100%	Operation of a shopping mall

19. INVENTORIES

	2007 HK$'000	2006 HK$'000
Raw materials	337	326
Low value consumable	738	397
Merchandise	6,531	2,291
	7,606	3,014

20. PREPAYMENTS AND OTHER RECEIVABLES

Details of prepayments and other receivables are as follows:–

		The Group		The Company	
	Note	2007 HK$'000	2006 HK$'000	2007 HK$'000	2006 HK$'000
Deposits		1,118	1,035	155	155
Prepayments	*(a)*	18,440	741	5,249	217
Receivables from banks for credit card sales		2,871	843	–	–
Other receivables	*(b)*	6,057	1,582	–	–
Amount due from ex-shareholders		766	–	–	–
		29,252	4,201	5,404	372

Notes:–

(a) The amount of HK$18,440,000 for the Group mainly includes:–

(i) prepayment of output VAT on sales of merchandise cards of approximately HK$6,287,000.

(ii) prepayment of rental expenses of approximately HK$6,153,000 for the department store in Urumqi. Pursuant to a loan agreement entered into between Century Ginwa Urumqi and the landlord of the department store in Urumqi, Century Ginwa Urumqi agreed to lend RMB5,750,000 to the landlord for a period from 15th December 2007 to 31st January 2008. However, if the landlord cannot repay the loan on 31st January 2008, the loan will be set off against the rental expenses of the department store. The loan was overdue on 31st January 2008.

(b) The amount of HK$6,057,000 of the Group mainly includes VAT receivable of approximately HK$3,554,000. Input VAT arises when the Group purchases products from suppliers and can be deducted from output VAT on sales.

21. AMOUNTS DUE FROM RELATED COMPANIES

The amounts represent amounts due from related companies in which Mr. Wu Yijian, a director of Company, has indirect controlling interests. Details disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance as follows:–

	Balance outstanding		
	As at 1.1.2007 HK$'000	Maximum outstanding during the year HK$'000	As at 31.12.2007 HK$'000
Century Ginwa	13,364	59,201	59,201
Shannxi Century Ginwa Hi-Tech Shopping Centre Company Limited ("Ginwa Hi-Tech")	–	19,979	805
	13,364	79,180	60,006

The amounts are interest-free, unsecured and without fixed terms of repayment. The directors consider the carrying amount of the amounts due from a related companies approximate their fair values.

22. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2007 HK$'000	2006 HK$'000	2007 HK$'000	2006 HK$'000
Cash and bank deposits denominated in RMB	79,289	3,660	–	–
Cash and bank deposits denominated in HK$	158,824	14,034	108,408	3,764
Cash and bank deposits denominated in other currencies	2	2	2	2
	238,115	17,696	108,410	3,766

At present, RMB is not a freely convertible currency in the international market and its exchange rate is fixed by the PRC government.

23. TRADE PAYABLES

The credit terms of the Group range from 30 to 90 days. The aging analysis of trade payables is as follows:–

	2007 HK$'000	2006 HK$'000
Aged for:		
0 to 30 days	54,097	13,028
31 to 60 days	6,311	3,710
61 to 90 days	2,625	2,314
91 to 180 days	3,568	2,379
	66,601	21,431

24. ACCRUALS AND OTHER PAYABLES

Details of accruals and other payables are as follows:–

	The Group		The Company	
	2007 HK$'000	2006 HK$'000	2007 HK$'000	2006 HK$'000
Payroll and welfare payables	6,241	1,096	–	66
Customers' deposits	10,386	10,270	–	–
Other tax payables	1,162	826	–	–
Deposits received	553	347	–	–
Renovation retention	125	41	–	–
Accruals	5,274	1,861	4,142	1,163
Other payables	6,353	4,727	–	–
	30,094	19,168	4,142	1,229

25. UNSECURED BANK LOAN

The bank loan is interest bearing at 9.72% per annum, unsecured and due on 26th March 2008.

26. DEFERRED TAXATION

The components of unrecognised deductible/(taxable) temporary differences are as follows:–

	The Group		The Company	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000
Deductible temporary differences:–				
Unutilised tax losses	**24,771**	40,482	**1,732**	21,142
General provision	**979**	492	**–**	–
Decelerated depreciation allowances	**5,413**	4,916	**6**	6
	31,163	45,890	**1,738**	21,148
Taxable temporary differences:–				
Convertible bond	**–**	(1,550)	**–**	(1,550)
	31,163	44,340	**1,738**	19,598

Notes:–

(a) Deductible temporary differences have not been recognised owing to the absence of objective evidence in respect of the availability of sufficient taxable profits that are expected to arise to offset against the deductible temporary differences. All unutilised tax losses can be carried forward indefinitely.

(b) Taxable temporary differences have not been recognised owing to the immateriality.

27. CAPITAL AND RESERVES ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

(a) Share capital

		The Company	
	Note	Number of ordinary shares of HK$0.1 each	Amount HK$'000
Authorised:–			
As at 1st July 2005		1,000,000,000	100,000
Increase in authorised share capital		1,000,000,000	100,000
As at 31st December 2006 and 1st January 2007		2,000,000,000	200,000
Increase in authorised share capital	*(i)*	18,000,000,000	1,800,000
As at 31st December 2007		**20,000,000,000**	**2,000,000**
Issued and fully paid:–			
As at 1st July 2005		409,222,500	40,922
Issue of shares upon placing of shares		73,660,000	7,366
Issue of shares upon the exercise of share options		8,184,450	818
As at 31st December 2006 and 1st January 2007		491,066,950	49,106
Issue of shares upon the exercise of warrants	*(ii)*	12,550,000	1,255
Issue of shares upon placing of shares	*(iii)*	412,272,727	41,228
Issue of shares upon the exercise of share options	*(iv)*	16,000,000	1,600
Issue of shares upon the conversion of convertible bond	*(v)*	16,528,925	1,653
As at 31st December 2007		**948,418,602**	**94,842**

Notes:–

(i) Pursuant to a ordinary resolution passed on 10th August 2007, the authorised share capital of the Company was increased to HK$2,000,000,000 by the creation of an additional 18,000,000,000 ordinary shares of HK$0.1 each, ranking pari passu with the existing ordinary shares of the Company in all respects.

27. CAPITAL AND RESERVES ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY *(Continued)*

(a) Share capital *(Continued)*

(ii) On 28th June 2007, a board resolution was duly passed with respect to the issue of 98,200,000 warrants of the Company at an issue price of HK$0.025 per warrant for total cash consideration of HK$2,455,000. Each warrant entitles the holder to subscribe for one ordinary share of the Company of HK$0.1 each at an initial subscription price of HK$0.49 per share at any time during the period from 29th June 2007, the date of issue, to 28th June 2009.

During the year ended 31st December 2007, an aggregate of 12,550,000 new shares of HK$0.1 each were issued for cash pursuant to the exercise of 12,550,000 warrants for a total cash consideration of approximately HK$5,983,000. The excess by the subscription price over the par value of the shares amounted to approximately HK$4,728,000 was credited to the share premium account of the Company.

At the balance sheet date, the Company had 91,398,156 warrants outstanding. The exercise in full of such warrants would, under the present capital structure of the Company, will result in the issue of 91,398,156 additional ordinary shares of the Company, including additional share capital and share premium of approximately HK$9,140,000 and HK$32,995,000 (before expenses) respectively.

(iii) On 5th September 2007, 10th September 2007 and 26th November 2007, 49,100,000, 48,872,727 and 314,300,000 new shares of HK$0.1 each were issued at a premium of HK$0.45, HK$0.45 and HK$0.58 per share respectively upon the placing arrangement. The excess of the issue price over the par value of the shares amounted to approximately HK$215,818,000 (after expenses of approximately HK$10,564,000) was credited to the share premium account of the Company.

(iv) During the year ended 31st December 2007, 16,000,000 new shares of HK$0.1 each were allotted and issued at a premium of HK$0.35 per share upon the exercise of 16,000,000 share options granted under the share option scheme (the "Scheme") as mentioned in note 28 to the financial statements. The excess of the issue price over the par value of the shares amounted to approximately HK$5,600,000 was credited to the share premium account of the Company.

(v) On 14th September 2007, the convertible bond of principal amount of HK$10 million was converted into 16,528,925 ordinary shares of HK$0.1 each at the conversion price of HK$0.605. The excess of the conversion price over the par value of the shares amounted to approximately HK$8,347,000 was credited to the share premium account of the Company.

27. CAPITAL AND RESERVES ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY *(Continued)*

(b) Capital management

The Group's equity capital management objectives are to safeguard the Group's ability to continue as a going concern and to provide an adequate return to shareholders commensurately with the level of risk. To meet these objectives, the Group manages the equity capital structure and makes adjustments to it in the light of changes in economic conditions by paying dividends to shareholders, issuing new equity shares, and raising or repaying debts as appropriate.

The Group's equity capital management strategy, which was unchanged from the previous periods, was to maintain a reasonable proportion in total liabilities and total assets. The Group monitors equity capital on the basis of the gearing ratio, which is calculated as total liabilities over total assets. The gearing ratios at 31st December 2007 and at 31st December 2006 were as follows :-

	2007 HK$'000	2006 HK$'000
Total liabilities	104,079	62,973
Total assets	461,920	127,886
Gearing ratio	23%	49%

28. SHARE OPTIONS

The Company operates a Scheme for the purpose of attracting and retaining quality personnel and other persons and providing incentive to them, including any directors, employees, consultants and service providers of the Group and any persons or entities having business with the Group. The Scheme became effective on 6th November 2001 and, unless otherwise cancelled or amended will remain in force for 10 years from that date.

The maximum number of shares in respect of which share options may be granted under the Scheme shall not exceed 10% of the number of issued shares of the Company at 6th November 2001 ("General Limit") unless its shareholders in general meeting renew such a limit. The General Limit was refreshed to 40,922,250 shares at the Special General Meeting ("SGM") of the Company held on 15th June 2004 and further refreshed by 40,922,250 shares at the SGM of the Company held on 12th April 2006. Notwithstanding aforesaid in this paragraph, the aggregate number of shares issued or issuable under the Scheme and any other scheme(s) of the Company shall not exceed 30% of its issued share capital from time to time.

28. SHARE OPTIONS *(Continued)*

The offer of a grant of share options may be accepted by the grantee within 21 days from the date of the offer. The exercise period of the share options granted (including the minimum period, if any, for which an option must be held before it can be exercised) is determinable by the Company's directors, and in any event such period of time shall not exceed 6th November 2011.

The exercise price of the share options shall be the higher of (i) the nominal value of the shares; (ii) the closing price of the shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant; and (iii) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant (subject to Scheme adjustments).

(a) Detailed movements of share options granted under the Scheme during the year are as follows:–

				Number of share options			
Name of category/ participant	Date of grant	Exercise period	Exercise price HK$	Outstanding as at 1st January 2007	Granted during the year	Exercised during year	Outstanding as at 31st December 2007
Director							
Hu Yangxiong	25th May 2006	25th May 2006 to 25th May 2008	0.450	4,000,000	–	(4,000,000)	–
Lam Chung Fai	25th May 2006	25th May 2006 to 25th May 2008	0.450	2,000,000	–	(2,000,000)	–
Sha Yingie	25th May 2006	25th May 2006 to 25th May 2008	0.450	2,000,000	–	–	2,000,000
Qu Jiaqi	25th May 2006	25th May 2006 to 25th May 2008	0.450	3,900,000	–	–	3,900,000
Li Haogang	25th May 2006	25th May 2006 to 25th May 2008	0.450	3,022,250	–	–	3,022,250
Employees	25th May 2006	25th May 2006 to 25th May 2008	0.450	18,000,000	–	(2,000,000)	16,000,000
Consultants	23rd February 2004	23rd February 2004 to 22nd February 2009	0.540	4,092,225	–	–	4,092,225
	26th March 2004	26th March 2004 to 25th March 2009	0.463	12,276,675	–	–	12,276,675
	25th May 2006	25th May 2006 to 25th May 2008	0.450	8,000,000	–	(8,000,000)	–
				57,291,150	–	(16,000,000)	41,291,150

28. SHARE OPTIONS *(Continued)*

(b) The number and weighted average exercises prices of share options are as follows:–

	Year ended 31.12.2007		Period from 1.7.2005 to 31.12.2006	
	Weighted average exercise price HK$	Number of share options	Weighted average exercise price HK$	Number of share options
Outstanding as at the beginning of the year/period	0.459	57,291,150	0.466	36,830,025
Granted during the year/period	–	–	0.450	40,922,250
Exercised during the year/period	0.450	(16,000,000)	0.360	(8,184,450)
Forfeited during year/period	–	–	0.514	(12,276,675)
Outstanding as at the end of the year/period	0.462	41,291,150	0.459	57,291,150
Exercisable as at the end of the year/period	0.462	41,291,150	0.459	57,291,150

The weighted average share price at the date of exercise of share options exercised during the year was HK$0.83 (2006: HK$0.47).

28. SHARE OPTIONS *(Continued)*

(c) Fair value of share options granted during the year/period:–

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the share option granted is measured based on Black-Scholes option pricing model.

	Year ended 31.12.2007	Period from 1.7.2005 to 31.12.2006
Fair value at measurement date	–	HK$3,336,000
Share price	–	HK$0.32
Exercise price	–	HK$0.45
Expected volatility	–	95%
Expected dividend	–	Nil
Risk-free interest rate	–	4.32%

The expected volatility is based on the historic volatility (calculated based on the expected life of the share options), adjusted for any expected changes to future volatility due to public available information. Expected dividends are based on historical dividends. Changes in subjective input assumptions could materially affect the fair value estimate. Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants. However, the management has taken into consideration of historical staff turnover pattern for the estimation of expected option life.

29. RESERVES

The Group	Share premium HK$'000	Capital reserve HK$'000 (note a)	Share option reserve HK$'000	Convertible bond reserve HK$'000	Warrant reserve HK$'000	Exchange reserve HK$'000	Statutory surplus reserve HK$'000 (note c)	Retained profits/ (accumulated losses) HK$'000	Total HK$'000
As at 1st July 2005	43,973	49,886	–	–	–	1,008	–	38,888	133,755
Placing of shares	25,804	–	–	–	–	–	–	–	25,804
Exercise of share options	2,128	–	–	–	–	–	–	–	2,128
Grant of share options	–	–	3,336	–	–	–	–	–	3,336
Issuance of convertible bond	–	–	–	1,550	–	–	–	–	1,550
Disposal of interests in subsidiaries	–	–	–	–	–	(1,008)	–	–	(1,008)
Exchange difference arising from translation of financial statements of a foreign subsidiary	–	–	–	–	–	1,444	–	–	1,444
Loss for the period	–	–	–	–	–	–	–	(151,202)	(151,202)
As at 31st December 2006	71,905	49,886	3,336	1,550	–	1,444	–	(112,314)	15,807
As at 1st January 2007	71,905	49,886	3,336	1,550	–	1,444	–	(112,314)	15,807
Issue of warrants *(note 27(a)(ii))*	–	–	–	–	2,455	–	–	–	2,455
Exercise of warrants *(note 27(a)(ii))*	4,898	–	–	–	(170)	–	–	–	4,728
Placing of shares *(note 27(a)(iii))*	215,818	–	–	–	–	–	–	–	215,818
Exercise of share options *(note 27(a)(iv))*	6,904	–	(1,304)	–	–	–	–	–	5,600
Conversion of convertible bond *(note 27(a)(v))*	8,347	–	–	(1,550)	–	–	–	–	6,797
Exchange difference arising from translation of financial statements of foreign subsidiaries	–	–	–	–	–	6,464	–	–	6,464
Profit for the year	–	–	–	–	–	–	–	5,330	5,330
Transfer from retained earnings	–	–	–	–	–	–	804	(804)	–
As at 31st December 2007	**307,872**	**49,886**	**2,032**	**–**	**2,285**	**7,908**	**804**	**(107,788)**	**262,999**

29. RESERVES *(Continued)*

The Company	Share premium HK$'000	Contributed surplus HK$'000 *(note b)*	Share option reserve HK$'000	Convertible bond reserve HK$'000	Warrant reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 1st July 2005	43,973	49,886	–	–	–	(33,978)	59,881
Placing of shares	25,804	–	–	–	–	–	25,804
Exercise of share options	2,128	–	–	–	–	–	2,128
Grant of share options	–	–	3,336	–	–	–	3,336
Issuance of convertible bond	–	–	–	1,550	–	–	1,550
Loss for the period	–	–	–	–	–	(78,042)	(78,042)
As at 31st December 2006	71,905	49,886	3,336	1,550	–	(112,020)	14,657
As at 1st January 2007	71,905	49,886	3,336	1,550	–	(112,020)	14,657
Issue of warrants *(note 27(a)(ii))*	–	–	–	–	2,455	–	2,455
Exercise of warrants *(note 27(a)(ii))*	4,898	–	–	–	(170)	–	4,728
Placing of shares *(note 27(a)(iii))*	215,818	–	–	–	–	–	215,818
Exercise of share options *(note 27(a)(iv))*	6,904	–	(1,304)	–	–	–	5,600
Conversion of convertible bond *(note 27(a)(v))*	8,347	–	–	(1,550)	–	–	6,797
Loss for the year	–	–	–	–	–	(2,319)	(2,319)
As at 31st December 2007	**307,872**	**49,886**	**2,032**	**–**	**2,285**	**(114,339)**	**247,736**

Notes:–

(a) Capital reserve represents the difference between the nominal value of the ordinary shares issued by the Company and the aggregate of the share capital and share premium of a subsidiary acquired through an exchange of shares pursuant to a group reorganisation (the "Reorganisation") by which the Company became the holding company of the other companies comprising the Group on 28th September 2000.

(b) Contributed surplus represents the difference between the nominal value of the ordinary shares issued by the Company and the net asset value of a subsidiary acquired through an exchange of shares pursuant to the Reorganisation.

Under the Companies Act 1981 of Bermuda (as amended), contributed surplus is distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

(c) As stipulated by regulations in the PRC, Xian Century Ginwa established and operated in the PRC are required to appropriate 10% of its after-tax-profit (after offsetting prior year losses) as determined in accordance with the PRC accounting rules and regulations, to statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to equity owners.

30. CONVERTIBLE BOND

On 16th May 2006, a convertible bond in the principal amount of HK$10 million was issued as partial consideration for acquisition of Silver Light Group as mentioned in note 37(b)(i) to the financial statements.

The convertible bond is due and mature at the end of the two year's period after 4th May 2006. The Company shall repay the principal amount outstanding under the convertible bond to the bondholder(s) on the maturity date. The convertible bond is interest bearing at 1% per annum. The bondholders shall have the right to convert the convertible bond at any time following one year after the date of issue of the convertible bond at the initial conversion price of HK$0.624 per share (subject to the standard adjustment clause relating to the share sub-division, share consolidation and/or rights issues).

The fair value of the liability component, included in long-term borrowings, was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in convertible bond reserve net of deferred income taxes.

The convertible bond recognised in the balance sheet is calculated as follows:–

	The Group and the Company	
	2007	2006
	HK$'000	HK$'000
Face value of convertible bond on the date of issue	–	10,000
Equity component	–	1,550
Liability component on initial recognition	–	8,450
Interest charged	–	66
Interest paid	–	–
Liability component	–	8,516

During the year ended 31st December 2007, the convertible bond was converted into new ordinary shares of the Company with adjusted conversion price of HK$0.605 per share as mentioned in note 27(a)(v) to the financial statements.

31. PROMISSORY NOTE

	The Group and the Company	
	As at 31.12.2007 HK$'000	As at 31.12.2006 HK$'000
Amount payable for acquisition of Silver Light Group	6,807	15,000
Adjustment for non-attainment of guaranteed profit *(note 37(b)(i))*	(4,327)	(2,193)
	2,480	12,807
Amount payable within one year	(2,480)	–
Non-current portion	–	12,807

On 16th May 2006, a promissory note in the principal amount of HK$30 million was issued as partial consideration for acquisition of Silver Light Group as mentioned in note 37(b)(i) to the financial statements. During the year ended 31st December 2006, HK$15 million has been repaid. The promissory note is due and repayable two years' after 4th May 2006 and interest bearing at 2% per annum.

32. BUSINESS COMBINATION

(a) On 10th May 2007, the Group acquired certain assets owned by Ginwa Hi-Tech for the operation of department store business as mentioned in note 37(b)(ii) to the financial statements. The acquired business contributed revenues of approximately HK$206,962,000 and net profit of approximately HK$5,708,000 for 10th May 2007 to 31st December 2007.

The assets and liabilities arising from the acquisition are as follows:–

	As at 10.5.2007 HK$'000
Property, plant and equipment *(note 14)*	13,682
Inventories	2,794
Trade payables	(16,340)
Net assets acquired	136
Total consideration	136
Net cash outflow on acquisition of business	136

32. BUSINESS COMBINATION *(Continued)*

(b) On 4th May 2006, the Group acquired entire 100% equity interest of Silver Light Group as mentioned in note 37(b)(i) to the financial statements. The acquired business contributed revenues of approximately HK$109,487,000 and net profit of approximately HK$1,660,000 to the Group for the year from 4th May 2006 to 31st December 2006.

The assets and liabilities arising from the acquisition are as follows:–

	As at 4.5.2006 HK$'000
Cash and cash equivalents	2,507
Property, plant and equipment	37,970
Intangible assets	17,204
Inventories	3,318
Amount due from a related company	10,444
Prepayments and other receivables	7,990
Trade payables	(23,131)
Accruals and other payables	(20,206)
Net assets acquired	36,096
Goodwill arising on acquisition *(note 16)*	1,711
Total purchase consideration	37,807
Convertible bond *(note 30)*	(10,000)
Promissory note *(note 31)*	(30,000)
Adjustment for non-attainment of guaranteed profit *(note 37(b)(i))*	2,193
Cash and cash equivalents in subsidiaries acquired	2,507
Net cash inflow on acquisition of subsidiaries	2,507

33. DISPOSAL OF SUBSIDIARIES

On 25th September 2006, the Group disposed of the Disposal Group as mentioned in note 4 to the financial statements.

The assets and liabilities arising from the disposal are as follows:–

	As at 25.9.2006 HK$'000
Property, plant and equipment	53,500
Trade receivables	10,993
Other receivables	2,210
Cash and cash equivalents	2
Tax payable	(814)
Deposits received	(3,000)
Net assets disposed	62,891
Loss on disposal of subsidiaries	(43,883)
Exchange reserve realised	(1,008)
Total consideration	18,000
Cash and cash equivalents in subsidiaries disposed	(2)
Net cash inflow on disposal of subsidiaries	17,998

34. OPERATING LEASE ARRANGEMENTS

(a) The Group as lessee

As at 31st December 2007, the Group had total future minimum lease payments in respect of land and buildings under non-cancellable operating leases as follows:–

	2007 HK$'000	2006 HK$'000
Within one year	**12,501**	7,782
In the second to fifth years inclusive	**31,075**	29,576
After five years	**77,040**	79,200
	120,616	116,558

Operating leases payments represent rentals payable by the Group for its office premises, shopping mall and director quarters. Leases are negotiated for a term range from two to eighteen years with fixed monthly rental charges.

34. OPERATING LEASE ARRANGEMENTS *(Continued)*

(b) The Group as lessor

As at 31st December 2007, the Group had contracted with licensee to receive the following future minimum leases payments in respect of the shopping areas in the shopping mall under non-cancellable operating leases:–

	2007 HK$'000	2006 HK$'000
Within one year	5,753	4,286
In the second to fifth years inclusive	18,600	15,095
After five years	851	2,399
	25,204	21,780

Operating leases payments represent rentals receivable by the Group for its shopping areas in the shopping mall. Leases are negotiated for a term range from one to fifteen years with fixed monthly rental income. Certain leases contain a contingent rental element.

35. CAPITAL COMMITMENTS

	2007 HK$'000	2006 HK$'000
Capital expenditure contracted for but not provided in respect of acquisition of plant and equipment	2,093	–

36. CONTINGENT LIABILITIES

As at 31st December 2007, the Group and the Company had no contingent liabilities.

37. CONNECTED AND RELATED PARTY TRANSACTIONS

(a) Particulars of significant transactions between the Group and related parties during the year/period are as follows:–

	Note	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000
Rental expenses paid to Ginwa Hi-Tech	*(i)*	6,164	–
Repairs and maintenance fee paid to Ginwa Hi-Tech	*(ii)*	308	–

Notes:–

(i) The amount represented rental expenses paid for the Shopping Floors in respect of the Tenancy Agreements as mentioned in note 37(b)(ii) to the financial statements.

(ii) Pursuant to a supplementary agreement entered into between Xian Century Ginwa and Ginwa Hi-Tech on 1st November 2007, Xian Century Ginwa agreed to pay a monthly repairs and maintenance fee of RMB150,000 for the Shopping Floors.

(b) The details of connected transactions of the Group during the year/period under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") are as follows:–

(i) On 16th February 2006, the Company entered into a conditional sale and purchase agreement ("Acquisition Agreement") with Mr. Guo Qiang and Mr. Li Hao Gang, who were the vendors of Silver Light Group Limited ("SLGL"), in relation to the acquisition of the entire 100% equity interest of SLGL, its direct wholly-owned subsidiary, Century Ginwa Urumqi Shopping Mall (H.K.) Limited ("Ginwa HK") and its indirect wholly-owned subsidiary, Century Ginwa Urumqi (collectively known as the "Silver Light Group") at an aggregate consideration of HK$40 million, which will be satisfied with: (a) a HK$30 million promissory note which is interest bearing at 2% per annum and due and repayable two years after 4th May 2006 (the "Completion Date"); and (b) a HK$10 million convertible bond which is interest bearing at 1% per annum and to mature at the end of two years after the Completion Date and can be converted at a conversion price of HK$0.624 per share at any time following one year after the date of issue (the "Acquisition"). Century Ginwa Urumqi, an indirect wholly-owned subsidiary of SLGL, is principally engaged in the operation of "Century Ginwa" branded department store in Urumqi, the PRC. The vendors have given an irrevocable profit guarantee to the Company that the audited profit before income tax of Century Ginwa Urumqi for the financial years ending 31st December 2006 and 2007 in aggregate be not less than RMB14 million (RMB5 million for the first year and RMB9 million for the second year). The vendors will compensate by reducing the principal sum of the promissory note due from the Company on a dollar to dollar basis if the said profit in aggregate is less than RMB14 million. During the year ended 31st December 2007, guaranteed profit of approximately HK$4,327,000 (2006: HK$2,193,000) was provided. As Mr. Wu Yijian, the Chairman of the Company, is the elder brother of Mr. Guo Qiang, Mr. Guo is deemed as a connected person of the Company under the Listing Rules and the Acquisition constituted a connected transaction for the Company under the Listing Rules. This connected transaction was approved in the SGM held on 12th April 2006. The Acquisition was completed on 4th May 2006.

37. CONNECTED AND RELATED PARTY TRANSACTIONS *(Continued)*

(ii) On 10th November 2006, Xian Century Ginwa, the newly acquired wholly-owned subsidiary of the Group, as purchaser entered into an Assets Acquisition Agreement with Ginwa Hi-Tech as vendor, in relation to the purchase of certain assets owned by Ginwa Hi-Tech, for the operation of department store business at the 1st to 4th floors of Shu Ma Da Sha of International Commercial Centre in Xian, the PRC ("Shopping Floors") at a consideration of approximately RMB127,000 payable at cash after taking up obligations to pay suppliers in the amount of approximately RMB13,981,000 on completion. On the same date, Xian Century Ginwa also entered into Tenancy Agreement I with Ginwa Hi-Tech and Tenancy Agreement II with Century Ginwa for leasing the Shopping Floors for the operation of department store business both for a term of two years at an annual rentals of RMB4,000,000 and RMB5,000,000 respectively ("Tenancy Agreements"). After the completion, Xian Century Ginwa can start its department store business in Xian, the PRC. As Mr. Wu Yijian, the Chairman of the Company, is the president of Ginwa Investment and owns 60% of the registered capital of Ginwa Investment while Ginwa Investment owns about 93.75% and 76.43% of the registered capital of Ginwa Hi-Tech and Century Ginwa respectively. Hence, Mr. Wu Yijian, Ginwa Hi-Tech and Century Ginwa are thus connected persons of the Company under the Listing Rules. The transactions contemplated under the Assets Acquisition Agreement constituted a connected transaction under the Listing Rules and the Tenancy Agreements constituted continuing connected transaction for the Company under the Listing Rules. All these transactions were approved in the SGM held on 18th December 2006. Approval has been granted by the government authorities. The acquisition was completed on 10th May 2007.

(iii) On 25th September 2007, China Rich International Management Limited ("China Rich") entered into an acquisition agreement with Ginwa Investment in which China Rich agreed to acquire and Ginwa Investment agreed to dispose of 76.43% equity interest in Century Ginwa owned by Ginwa Investment at the consideration of RMB180,000,000 (equivalent to approximately HK$185,400,000) (the "CG Acquisition"). On the same date, the Company also entered into an agreement with Best Mineral and Mr. Wu (the "BM Agreement"), pursuant to which Best Mineral agreed to (i) assist the Company, China Rich and their agents and advisers in obtaining the right to access the books, records and other related documents of Century Ginwa; (ii) procure Century Ginwa to assist the Company, China Rich and their agents and advisers in their due diligence review; (iii) provide the relevant information and files upon request by the Company, China Rich and their agents and advisers; and (iv) assist the Company in drafting the Acquisition Agreement and in consideration of Best Mineral's provision of the Profit Guarantee and the Repayment Guarantee, the Company agreed to issue a convertible bond of HK$1,231,612,200 to Best Mineral upon completion of the CG Acquisition.

Upon completion of the acquisition agreement, Ginwa Investment shall be obliged to repay the Ginwa Loan to Century Ginwa within a period of five years commencing from completion of the Acquisition with interest at the five-year lending rate published by the Bank of China, the PRC as at the date of completion of the CG Acquisition.

37. CONNECTED AND RELATED PARTY TRANSACTIONS *(Continued)*

Since Ginwa Investment is owned as to 60% by Mr. Wu, being an Executive Director, Ginwa Investment is a connected person of the Company. Therefore, the entering into of the acquisition agreement between Ginwa Investment and China Rich, a wholly-owned subsidiary of the Company, constitutes a non-exempted connected transaction. Best Mineral, became the substantial shareholder since November 2001, is an investment holding company which holds 149,100,000 shares. Best Mineral is beneficially owned as to 70% by Autogain Profits Limited, a company wholly-owned by Mr. Sean Liu, an ex-Director (resigned on 15th January 2006), and as to 30% by Igrand Profits Limited, a company wholly-owned by Mr. Wu. Best Mineral is a connected person of the Company by virtue of it being a substantial shareholder, and the entering into of the BM Agreement among the Company, Best Mineral and Mr. Wu therefore constitutes a non-exempted connected transaction. These transactions were approved in the SGM held on 17th January 2008.

(c) Details of balances due from related parties are as follows:–

	2007 HK$'000	2006 HK$'000
Current account with Century Ginwa *(note 21)*	59,201	13,364
Refundable deposit receivable from BMRL	–	5,000
Current account with Ginwa Hi-Tech *(note 21)*	805	–

(d) Key management personnel compensation:–

	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000
Salaries and other employee benefits	3,040	4,680
Retirement benefit costs	28	51
Employee share option benefits	–	489
	3,068	5,220

38. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS

(a) Credit risk

Credit risk is the risk that a party to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation. The Group manages credit risks by setting up credit control policy and periodic evaluation of credit performance of the other parties, measured by the extent of past due or default.

Carrying amounts of financial assets as at 31st December 2007, which represented the amounts of maximum exposure to credit risks, were as follows:–

	2007 HK$'000	2006 HK$'000
Loan receivables	30,367	30,000
Other receivables	7,258	3,460
Amounts due from related companies	60,006	13,364
Amount due from a shareholder	–	5,000
Unpledged time deposits	100,000	–
Cash and bank balances	138,115	17,696
	335,746	69,520

Except for loan receivables with carrying amount of HK$10,367,000 which was past due, the directors are satisfied with the credit quality of finance assets. The loan receivables of HK$10,367,000 was settled on 3rd April 2008.

38. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(Continued)*

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group manages liquidity risks by monitoring its liquidity position through periodic preparation of cash flows and cash balances forecasts and periodic evaluation of the ability of the Group to meet its financial obligations, measured by the debt-to-equity capital ratio.

Maturities of the financial liabilities of the Group as at 31st December 2007 were as follows:–

	2007 HK$'000	2006 HK$'000
Total amounts of contractual undiscounted obligations:–		
Trade payables	66,601	21,431
Accruals and other payables	18,546	8,072
Unsecured bank loan	1,059	–
Convertible bond	–	8,516
Promissory note	2,480	12,807
	88,686	50,826
Due for payment:–		
Within one year	88,686	29,503
In the second to fifth years	–	21,323
	88,686	50,826

38. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(Continued)*

(c) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group manages currency risks, when it is considered significant, by entering into appropriate currency forward contacts.

Carrying amounts of financial assets and financial liabilities as at 31st December 2007 that exposed to currency risks were as follows:–

	2007 HK$'000	2006 HK$'000
Financial assets denominated in foreign currencies:–		
Other receivables	7,048	3,247
Amounts due from related companies	60,006	13,364
Cash and bank balances	79,291	3,662
Financial liabilities denominated in foreign currencies:–		
Trade payables	66,601	21,431
Accruals and other payables	14,026	5,431
Unsecured bank loan	1,059	–
Net financial assets/(liabilities) exposed to currency risks	64,659	(6,589)

The Group's financial assets and financial liabilities exposed to currency risks were primarily denominated in Renminbi and United States dollars.

Since Hong Kong dollars is pegged to United States dollars, material fluctuations in the exchange rates of Hong Kong dollars against United States dollars are remote.

Should Hong Kong dollars at 31st December 2007 devalue by 10% against all foreign currencies except United States dollars, the carrying amount of the net financial assets exposed to currency risk at 31st December 2007 determined in accordance with HKAS 21 "The Effects of Changes in Foreign Exchange Rates" would be increased, and hence the equity at 31st December 2007 would be increased, by HK$6,466,000 (2006: decreased, by HK$659,000); and no effect on the profit for the year ended 31st December 2007 and 2006.

38. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(Continued)*

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group manages interest rate risks, when it is considered significant, by entering into appropriate swap contacts.

As at 31st December 2007, unpledged time deposits of HK$100,000,000 (2006: Nil) earning fixed interests and unsecured bank loan of HK$1,059,000 (2006: Nil) bearing fixed interests were exposed to fair value interest rate risk.

Since the unpledged time deposits and bank loans were measured at amortised cost, their carrying amounts would not be affected by changes in market interest rates.

(e) Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument traded in the market will fluctuate because of changes in market prices. The Group manages market prices risks, when it is considered significant, by entering into appropriate derivatives contacts.

As at 31st December 2007, the Group did not have financial instrument traded in the market.

39. SEGMENT REPORTING

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:–

(a) Cruise and cruise-related business

The Group was previously principally engaged in the cruise and cruise-related business by operating a cruise ship known as "Ming Fai Princess" (the "Cruise Ship"). Prior to the entering into the licensing agreements on 26th May 2005 and 10th June 2005 (the "new licensing agreements"), the Group's turnover was generated from the operation of the Cruise Ship's tour covering Haikou in Hainan, the PRC, Beihai in Guangxi Province, the PRC and Halong Bay in Vietnam ("PRC-Vietnam route") which included licence fee received from Anglo View Limited (the "Licensee") pursuant to the licensing agreement entered between the Group and the Licensee in prior year (the "old licensing agreement") which has been expired on 31st March 2005.

Pursuant to the new licensing agreements entered between the Group and the Licensee, the Group has granted a license to the Licensee in respect of the operation of the Cruise Ship (including gaming facilities) as a whole for an initial term of 2 years commencing from 1st June 2005 to 31st May 2007 both days inclusive at a fixed license fee of HK$1,500,000 per month. In accordance with the terms of the new licensing agreements, the Cruise Ship ceased its PRC-Vietnam route and operated a new route in Hong Kong waters and the international waters nearby Hong Kong.

The cruise and cruise-related business was discontinued after the completion of the disposal of the Disposal Group as mentioned in note 4 to the financial statements.

(b) Operating of department stores

The Group is principally engaged in the operation of "Century Ginwa" branded department stores in Urumqi and Xian, the PRC.

39. SEGMENT REPORTING *(Continued)*

In determining the Group's geographical segments, revenues are attributable to the segments based on the location of the customers, and assets are attributable to the segments based on the location of the assets.

(a) Business segments

The following tables present revenue, loss and certain assets, liabilities and expenditure information for the Group's business segments:–

	Continuing operation – Operation of department stores		Discontinued operation – Cruise and cruise – related business		Others		Consolidated	
	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000
Revenue								
Revenue from external customers	429,957	108,763	–	15,000	–	–	429,957	123,763
Other revenue	8,816	734	–	2,065	846	134	9,662	2,933
Total revenue	438,773	109,497	–	17,065	846	134	439,619	126,696
Segment results	18,702	1,245	–	(109,177)	(6,722)	(20,610)	11,980	(128,542)
Interest income							1,065	664
Profit/(loss) from operations							13,045	(127,878)
Loss on disposal of subsidiaries							–	(43,883)
Finance costs							(2,289)	(3,384)
Profit/(loss) before income tax							10,756	(175,145)
Income tax expense							(5,426)	(1,051)
Profit/(loss) for the year/period							5,330	(176,196)
Attributable to:								
– Shareholders of the Company							5,330	(151,202)
– Minority interests							–	(24,994)
							5,330	(176,196)

39. SEGMENT REPORTING *(Continued)*

(a) Business segments *(Continued)*

	Continuing operation – Operation of department stores		Discontinued operation – Cruise and cruise – related business		Others		Consolidated	
	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000
Depreciation	3,741	1,812	–	9,402	47	105	3,788	11,319
Amortisation of intangible assets	2,055	1,333	–	–	–	–	2,055	1,333
Impairment loss of property, plant and equipment	–	–	–	108,775	–	–	–	108,775
Segment assets	300,152	88,323	–	–	161,768	39,563	461,920	127,886
Unallocated assets	–	–	–	–	–	–	–	–
Total assets	300,152	88,323	–	–	161,768	39,563	461,920	127,886
Segment liabilities	93,250	37,966	–	–	4,504	2,633	97,754	40,599
Unallocated liabilities	3,845	1,051	–	–	2,480	21,323	6,325	22,374
Total liabilities	97,095	39,017	–	–	6,984	23,956	104,079	62,973
Capital expenditure incurred during the year/period	14,073	431	–	–	12	51	14,085	482

(b) Geographical segments

	PRC		Hong Kong		Consolidated	
	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000	Year ended 31.12.2007 HK$'000	Period from 1.7.2005 to 31.12.2006 HK$'000
Revenue from external customers	429,957	108,763	–	15,000	429,957	123,763
Other revenue	4,386	734	5,276	2,199	9,662	2,933
Total revenue	434,343	109,497	5,276	17,199	439,619	126,696
Segment assets	250,042	88,316	211,878	39,570	461,920	127,886
Capital expenditure incurred during the year/period	14,073	431	12	51	14,085	482

40. POST BALANCE SHEET EVENTS

(a) The transactions as mentioned in note 37(b)(iii) to the financial statements were approved in the SGM held on 17th January 2008.

(b) On 20th December 2007, the Company entered into a conditional sale and purchase agreement with JRB Limited, an independent third party, in relation to the acquisition of 75% of the entire issued and fully paid share capital of Sycamore Asia Limited ("Sycamore") and a shareholder's loan of HK$13,690,000 due by Sycamore at an aggregate consideration of HK$13,200,000. Sycamore and its wholly-owned subsidiary, Standard Supplies Limited ("SSL"), were principally engaged in the business of trading, supplies and installation of carpet. Sycamore was incorporated in British Virgin Islands and SSL was incorporated in Hong Kong. The acquisition was completed on 18th January 2008.

(c) On 15th January 2008, 49,106,000 share options were granted at an exercise price of HK$0.74 per share. The exercise period is from 16th January 2008 to 15th January 2010.

(d) On 24th January 2008, China King Management Limited ("China King"), a wholly-owned subsidiary of the Company, entered into an agreement with Fortune Dragon Investments Limited ("Fortune Dragon"), an independent third party. By this agreement, a one-year loan of HK$21,000,000 was provided to Fortune Dragon with interest charged at the Hong Kong Dollar Prime Rate per annum. As security for the loan, 36,496,960 shares of Xi'an Commercial Bank were pledged by Xi'an City Ai Jia Mao Yi Company Limited to China King, as procured by Fortune Dragon according to the terms of the agreement.

(e) On 27th March 2008, China King entered into a Memorandum of Understanding with Adventure Corporate Service Limited ("Adventure") for the sale and purchase of the entire 50% shareholding owned by Adventure in Amplewood International Limited, a company incorporated in British Virgin Islands, at a consideration of HK$21,000,000.

41. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with changes in presentation in the current year.

Summary Financial Information (2003 – 2007)

For year ended 31st December 2007

RESULTS

	Year ended 31st December 2007 HK$'000	Period from 1st July 2005 to 31st December 2006 HK$'000	Year ended 30th June 2005 HK$'000	2004 HK$'000	2003 HK$'000
Turnover					
– Continuing operations	429,957	108,763	–	–	–
– Discontinued operations	–	15,000	70,933	136,925	141,217
	429,957	123,763	70,933	136,925	141,217
Profit/(loss) attributable to shareholders					
– Continuing operations	5,330	(23,701)	(7,647)	(9,377)	–
– Discontinued operations	–	(127,501)	9,822	32,173	15,954
	5,330	(151,202)	2,175	22,796	15,954

ASSETS AND LIABILITIES

	As at 31st December 2007 HK$'000	2006 HK$'000	As at 30th June 2005 HK$'000	2004 HK$'000	2003 HK$'000
NON-CURRENT ASSETS	106,574	74,611	210,626	183,827	192,579
CURRENT ASSETS	355,346	53,275	22,874	74,299	61,116
DEDUCT:					
CURRENT LIABILITIES	104,079	41,650	30,829	30,696	31,547
NET CURRENT ASSETS/(LIABILITIES)	251,267	11,625	(7,955)	43,603	29,569
TOTAL ASSETS LESS CURRENT LIABILITIES	357,841	86,236	202,671	227,430	222,148
DEDUCT:					
NON-CURRENT LIABILITIES	–	21,323	3,000	25,474	12,000
NET ASSETS	357,841	64,913	199,671	201,956	210,148