九洲發展有限公司

JIUZHOU DEVELOPMENT COMPANY LIMITED

(Incorporated in Bermuda with limited liability)
Stock Code: 908

Interim Report 2008

CONTENTS

ERNST & YOUNG
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INDEPENDENT REVIEW REPORT

Review Report to the Board of Directors of
Jiuzhou Development Company Limited
(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial report of Jiuzhou Development Company Limited set out on pages 4 to 23, which comprises the condensed consolidated balance sheet as of 30 June 2008 and the related condensed consolidated statements of income, changes in equity and cash flows for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with relevant provisions thereof and Hong Kong Accounting Standard 34 ''Interim Financial Reporting'' (''HKAS 34'') issued by the Hong Kong Institute of Certified Public Accountants.

The directors are responsible for the preparation and presentation of the interim financial report in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial report based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity'' issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making inquiries, primarily of personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2008 has not been prepared, in all material respects, in accordance with HKAS 34.

Without qualifying our conclusion, we draw attention to note 1.1 to the interim financial report concerning the adoption of the going concern basis on which the interim financial report has been prepared. As explained in that note, liquidators (the "Liquidators") were appointed for a shareholder of the Company (the "Major Shareholder"), holding indirectly 337 million shares of the Company, and provisional liquidators (the "Provisional Liquidators") were appointed for another shareholder of the Company (the "Registered Shareholder"), which is a wholly-owned subsidiary of the Major Shareholder and directly holds the aforesaid 337 million shares in the Company, pursuant to various winding-up orders.

The above 337 million shares (the "Pledged Shares") held by the Registered Shareholder were charged in prior years in favour of a wholly-owned subsidiary of a substantial shareholder of the Company (the "Chargee"), and a dispute has arisen between the Chargee and the Provisional Liquidators over the proposed transfer of such shares.

Any changes in the registered holders of the Pledged Shares may result in a change in the composition of the board of directors of the Company.

The interim financial report has been prepared on a going concern basis, the validity of which depends upon the fulfilment of the conditions of the conditional settlement agreement concerning the Pledged Shares entered into, among other parties, the Major Shareholder, the Registered Shareholder, the Chargee, the Liquidators and the Provisional Liquidators on 5 August 2006 (the "Settlement Agreement"). The fulfilment of the Settlement Agreement is in turn subject to the completion of the debt restructuring agreement entered into among other parties, the Major Shareholder, the Liquidators and the Provisional Liquidators on 5 August 2006 (the "Debt Restructuring Agreement"). The interim financial report does not include any adjustments that may be necessary should the conditions of the Settlement Agreement and the Debt Restructuring Agreement not be fulfilled, and as a direct consequence of which should any decisions be subsequently taken by the bankers, creditors, the Liquidators and/or the Provisional Liquidators over the future direction of the business and financial operations of the Group, which may affect the Group's ability to continue to operate as a going concern.

Ernst & Young
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Hong Kong

19 September 2008

CONDENSED CONSOLIDATED INCOME STATEMENT

Six months ended 30 June 2008

	Notes	Six months ended 30 June 2008 HK$'000 (Unaudited)	30 June 2007 HK$'000 (Unaudited)
REVENUE	3	**143,630**	132,478
Cost of sales		**(116,387)**	(101,141)
Gross profit		**27,243**	31,337
Other income, net		**13,180**	20,131
Selling and distribution costs		**(2,678)**	(2,977)
Administrative expenses		**(30,240)**	(24,724)
Other operating expenses, net		**(418)**	(1,731)
Share of profit of a jointly-controlled entity		**9,184**	15,423
PROFIT BEFORE TAX	4	**16,271**	37,459
Tax	5	**(4,800)**	(4,058)
PROFIT FOR THE PERIOD		**11,471**	33,401
ATTRIBUTABLE TO:			
Equity holders of the Company		**10,127**	32,190
Minority interests		**1,344**	1,211
		11,471	33,401
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	6		
Basic		**HK0.91 cent**	HK2.89 cents
Diluted		**N/A**	HK2.89 cents
DIVIDEND PER SHARE		**Nil**	Nil

CONDENSED CONSOLIDATED BALANCE SHEET

30 June 2008

	Notes	**30 June 2008 HK$'000 (Unaudited)**	31 December 2007 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**420,766**	392,807
Prepaid land lease payments		**190,959**	191,524
Rights to use port facilities		**20,836**	19,944
Intangible asset		**6,265**	5,883
Interest in a jointly-controlled entity		**95,317**	120,739
Available-for-sale investments	7	**15,311**	17,474
Prepayments and deposits	8	**93,594**	88,044
Total non-current assets		**843,048**	836,415
CURRENT ASSETS			
Securities measured at fair value through profit or loss	9	**273,129**	128,024
Inventories		**3,095**	2,651
Trade receivables	10	**41,437**	28,852
Prepayments, deposits and other receivables		**21,892**	19,621
Due from a jointly-controlled entity	11	**2,169**	476
Cash and cash equivalents	13	**231,741**	345,083
Total current assets		**573,463**	524,707
CURRENT LIABILITIES			
Trade payables	14	**18,961**	19,377
Accrued liabilities and other payables		**74,684**	76,433
Construction payables		**4,285**	4,322
Tax payable		**11,704**	15,236
Due to related companies	12	**537**	801
Total current liabilities		**110,171**	116,169
NET CURRENT ASSETS		**463,292**	408,538
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,306,340**	1,244,953
NON-CURRENT LIABILITIES			
Deferred tax liabilities	15	**14,689**	12,446
Net assets		**1,291,651**	1,232,507
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital	16	**111,860**	111,860
Reserves		**1,166,914**	1,087,475
Proposed dividend		**—**	22,372
		1,278,774	1,221,707
Minority interests		**12,877**	10,800
Total equity		**1,291,651**	1,232,507

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2008

	Attributable to equity holders of the Company												
	Issued capital	Share premium account	Contributed surplus	Goodwill reserve	Asset revaluation reserve	Available-for-sale investment revaluation reserve	Statutory reserve funds	Exchange fluctuation reserve	Retained profits	Proposed dividends	Total	Minority interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 January 2008	111,860	459,870	446,355	(200,573)	37,784	(12,900)	86,000	98,423	172,516	22,372	1,221,707	10,800	1,232,507
Change in fair value of an available-for-sale investment *(note 7)*	–	–	–	–	–	(2,206)	–	–	–	–	(2,206)	–	(2,206)
Exchange realignment	–	–	–	–	–	–	–	64,478	–	–	64,478	733	65,211
Share of reserve movement of a jointly-controlled entity	–	–	–	–	–	–	–	7,040	–	–	7,040	–	7,040
Total income and expense for the period recognised directly in equity	–	–	–	–	–	(2,206)	–	71,518	–	–	69,312	733	70,045
Profit for the period	–	–	–	–	–	–	–	–	10,127	–	10,127	1,344	11,471
Total income and expense for the period	–	–	–	–	–	(2,206)	–	71,518	10,127	–	79,439	2,077	81,516
2007 final dividend declared	–	–	–	–	–	–	–	–	–	(22,372)	(22,372)	–	(22,372)
Transfer to statutory reserve funds	–	–	–	–	–	–	1,209	–	(1,209)	–	–	–	–
Share of reserve movement of a jointly-controlled entity	–	–	–	–	–	–	2,089	–	(2,089)	–	–	–	–
At 30 June 2008	111,860	459,870	446,355	(200,573)	37,784	(15,106)	89,298	169,941	179,345	–	1,278,774	12,877	1,291,651

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*

For the six months ended 30 June 2008

	Attributable to equity holders of the Company												
	Issued capital *HK$'000* (Unaudited)	Share premium account *HK$'000* (Unaudited)	Contributed surplus *HK$'000* (Unaudited)	Warrant reserve *HK$'000* (Unaudited)	Goodwill reserve *HK$'000* (Unaudited)	Asset revaluation reserve *HK$'000* (Unaudited)	Statutory reserve funds *HK$'000* (Unaudited)	Exchange fluctuation reserve *HK$'000* (Unaudited)	Retained profits *HK$'000* (Unaudited)	Proposed dividends *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)	Minority interests *HK$'000* (Unaudited)	Total equity *HK$'000* (Unaudited)
At 1 January 2007	109,898	452,272	446,355	353	(200,573)	33,552	75,769	38,452	125,557	10,990	1,092,625	7,545	1,100,170
Exchange realignment	–	–	–	–	–	–	–	19,199	–	–	19,199	309	19,508
Share of reserve movement of a jointly-controlled entity	–	–	–	–	–	–	–	3,757	–	–	3,757	–	3,757
Total income and expense for the period recognised directly in equity	–	–	–	–	–	–	–	22,956	–	–	22,956	309	23,265
Profit for the period	–	–	–	–	–	–	–	–	32,190	–	32,190	1,211	33,401
Total income and expense for the period	–	–	–	–	–	–	–	22,956	32,190	–	55,146	1,520	56,666
2006 final dividend declared	–	–	–	–	–	–	–	–	(196)	(10,990)	(11,186)	–	(11,186)
Effect on deferred tax due to change in tax rate (*note 15*)	–	–	–	–	–	(3,895)	–	–	–	–	(3,895)	–	(3,895)
Warrants exercised (*note 16*)	1,962	8,829	–	–	–	–	–	–	–	–	10,791	–	10,791
Share issue expenses (*note 16*)	–	(1,231)	–	–	–	–	–	–	–	–	(1,231)	–	(1,231)
Transfer to statutory reserve funds	–	–	–	–	–	–	1,124	–	(1,124)	–	–	–	–
Share of reserve movement of a jointly-controlled entity	–	–	–	–	–	–	2,702	–	(2,702)	–	–	–	–
At 30 June 2007	111,860	459,870	446,355	353	(200,573)	29,657	79,595	61,408	153,725	–	1,142,250	9,065	1,151,315

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Six months ended 30 June 2008

	Note	Six months ended 30 June 2008 HK$'000 (Unaudited)	30 June 2007 HK$'000 (Unaudited)
NET CASH INFLOW/(OUTFLOW) FROM:			
Operating activities		**1,424**	24,935
Investing activities		**(111,803)**	(80,064)
Financing activities		**(22,372)**	(1,626)
Net decrease in cash and cash equivalents		**(132,751)**	(56,755)
Cash and cash equivalents at beginning of period		**345,083**	198,465
Effect of foreign exchange rate changes, net		**19,409**	3,495
Cash and cash equivalents at end of period		**231,741**	145,205
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*13*	**231,741**	145,205

NOTES TO UNAUDITED INTERIM FINANCIAL REPORT

30 June 2008

1.1 CORPORATE INFORMATION AND BASIS OF PRESENTATION

By an order of the High Court of the Hong Kong Special Administrative Region (the "High Court") dated 14 August 2003, provisional liquidators of Zhu Kuan Group Company Limited ("Zhu Kuan Macau") and Zhu Kuan (Hong Kong) Company Limited ("Zhu Kuan (HK)") were appointed following the filing of winding-up petitions by one of their creditors. Both Zhu Kuan Macau and Zhu Kuan (HK) were the then controlling shareholders of the Company.

337 million shares of the Company are registered in the name of and are directly held by Pioneer Investment Ventures Limited ("PIV"), a wholly-owned subsidiary of Zhu Kuan Macau incorporated in the British Virgin Islands. By an order of the High Court and the Court of the British Virgin Islands, provisional liquidators (the "Provisional Liquidators") of PIV were appointed following the filing of a voluntary winding-up petition by the provisional liquidators of Zhu Kuan Macau on behalf of Zhu Kuan Macau.

During the year ended 30 April 2005, a winding-up order was granted by the Court of First Instance of the Macau Special Administrative Region (the "Macau Court") against Zhu Kuan Macau. In addition, a winding-up order was granted by the High Court against Zhu Kuan (HK). Liquidators (the "Liquidators") have been appointed in respect of the two winding-up orders.

The 337 million shares attributable to PIV (the "PIV Charged Shares") have been pledged to Longway Services Group Limited ("Longway"), a wholly-owned subsidiary of Zhuhai Jiuzhou Port Group Corporation ("Zhuhai Jiuzhou Port Group"), a substantial shareholder of the Company, the minority shareholder of Zhuhai Jiuzhou Port Passenger Traffic Services Co., Ltd. ("Jiuzhou Port Company"), a 90%-owned subsidiary of the Group, and the joint venture partner of Zhuhai High-Speed Passenger Ferry Co., Ltd. ("Ferry Company"), the Group's jointly-controlled entity. Steps have been taken by Longway to perfect the security conferred to it by the share charge. The Provisional Liquidators however consider that due to the petitions, the transfer of the PIV Charged Shares cannot be effected.

On 5 August 2006, (1) a debt restructuring agreement (the "Debt Restructuring Agreement") was made between, among other parties, Zhu Kuan Macau, Zhu Kuan (HK), the Liquidators and 珠海市國源投資有限公司 ("Zhuhai Guoyuan"), and (2) a conditional settlement agreement (the "Settlement Agreement") was made between, among other parties, Zhu Kuan Macau, PIV, Longway and the Liquidators. Upon the completion of the Debt Restructuring Agreement, Zhuhai Guoyuan will take full ownership of the assets of Zhu Kuan Macau and Zhu Kuan (HK) and their respective winding-up petitions will be removed. Pursuant to the Settlement Agreement, Longway and the Liquidators agreed that the legal proceedings between both parties for the transfer of the PIV Charged Shares will be stayed until the completion of the Debt Restructuring Agreement, following which Longway will be able to enforce its rights over the PIV Charged Shares.

The above pledges were not used as security against any of the Group's borrowing facilities. Furthermore, the Group is not the subject of any of the winding-up petitions/orders mentioned above.

1.1 CORPORATE INFORMATION AND BASIS OF PRESENTATION *(Continued)*

According to the Company's announcement made on 7 November 2007, the High Court had granted a permanent stay (i.e. suspension) on the proceedings of liquidations on Zhu Kuan (HK) and Zhu Kuan Macau. However, no major progress was noted from the Macau Court on the proceedings of liquidation on Zhu Kuan Macau up to the date of this interim financial report.

As at 30 June 2008 and up to the date of this interim financial report, the Group has neither given financial assistance (such as loans or guarantees) to Zhu Kuan Macau, Zhu Kuan (HK), PIV or any of their subsidiaries and associates, nor has the Group received any financial assistance from Zhu Kuan Macau, Zhu Kuan (HK), PIV or any of their subsidiaries and associates. The major connected transactions made between (a) the Group on the one part and (b) the group of companies comprising Zhu Kuan Macau and Zhu Kuan (HK) and their respective subsidiaries (other than the Group) on the other part are certain lease arrangements under which the Group is the lessee. The subject premises of such lease arrangements are certain of the facilities (including villas, a health centre and recreational facilities) of Zhuhai Holiday Resort Hotel Co., Ltd., a subsidiary of the Company. Further details of such transactions are set out in note 17 to the interim financial report.

Further details concerning the above are also set out in the Company's various press announcements during the period from August 2003 to November 2007.

The interim financial report of the Group has been prepared in the assumption that the Group will continue to operate as a going concern for the foreseeable future.

The directors of the Company believed that the entering into the Debt Restructuring Agreement by Zhu Kuan Macau and other parties with the Liquidators and the permanent stay granted by the High Court in November 2007 as referred to above are significant steps towards the resolution of the legal proceedings faced by Zhu Kuan Macau and Zhu Kuan (HK). However, up to the date of this interim financial report, the directors of the Company cannot give absolute assurance that the future business and financial operations of the Group will not be significantly affected if the conditions of the Settlement Agreement are not fulfilled which is in turn subject to the completion of the Debt Restructuring Agreement.

Should the Group be unable to continue as a going concern as a result of the winding-up petitions/orders and/or any subsequent changes in the registered holders of the PIV Charged Shares, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of such adjustments have not been reflected in this interim financial report.

1.2 BASIS OF PREPARATION

The interim financial report is prepared in accordance with HKAS 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The interim financial report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2007.

The accounting policies and basis of preparation adopted in the preparation of the interim financial report are the same as those used in the annual financial statements for the year ended 31 December 2007, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) that are adopted for the first time for the current period's interim financial report:

HK(IFRIC)-Int 11 *HKFRS 2 — Group and Treasury Share Transactions*

This interpretation requires arrangements whereby an employee is granted rights to the Group's equity instruments, to be accounted for as an equity-settled scheme, even if the Group buys the instruments from another party, or the shareholders provide the equity instruments needed. HK(IFRIC)-Int 11 also addresses the accounting for share-based payment transactions involving two or more entities within the Group. The adoption of this interpretation did not have any effect on the financial position or performance of the Group.

HK(IFRIC)-Int 12 *Service Concession Arrangements*

This interpretation requires an operator under public-to-private service concession arrangements to recognise the consideration received or receivable in exchange for the construction services as a financial asset and/or an intangible asset, based on the terms of the contractual arrangements. HK(IFRIC)-Int 12 also addresses how an operator shall apply existing HKFRSs to account for the obligations and the rights arising from service concession arrangements by which a government or a public sector entity grants a contract for the construction of infrastructure used to provide public services and/or for the supply of public services. As the Group currently has no such transactions, the interpretation is unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 14 *HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

This interpretation provides guidance on how to assess the limit under HKAS 19 *Employee Benefits*, on the amount of a refund or reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, in particular, when minimum funding requirements exist. The adoption of this interpretation did not have any effect on the financial position or performance of the Group.

2. SEGMENT INFORMATION

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 the other business segments.

The following table presents revenue and results for the Group's primary segments.

	Hotel		Tourist attraction		Provision of port facilities and ticketing services		Corporate and others		Condensed consolidated	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	30 June 2008	30 June 2007	**30 June 2008**	30 June 2007	**30 June 2008**	30 June 2007	**30 June 2008**	30 June 2007	**30 June 2008**	30 June 2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Segment revenue:										
Sales to external customers	**93,762**	80,859	**21,075**	26,473	**28,793**	25,146	**–**	–	**143,630**	132,478
Segment results	**(3,019)**	(71)	**(6,155)**	(3,214)	**14,138**	13,738	**269**	7,706	**5,233**	18,159
Interest income									**1,854**	3,877
Share of profits less losses of a jointly-controlled entity	**–**	–	**–**	–	**9,184**	15,423	**–**	–	**9,184**	15,423
Profit before tax									**16,271**	37,459
Tax									**(4,800)**	(4,058)
Profit for the period									**11,471**	33,401

3. REVENUE

The Group's revenue represents proceeds from the provision of services, sales of goods, tickets, food and beverage, and the provision of port facilities and ticketing services, less sales tax and after trade discounts and returns, during the period.

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June 2008 HK$'000 (Unaudited)	30 June 2007 HK$'000 (Unaudited)
Cost of inventories sold	**15,815**	12,020
Cost of services provided	**100,572**	89,121
Amortisation of prepaid land lease payments	**3,768**	3,698
Amortisation of rights to use port facilities	**391**	296
Impairment of intangible asset	**—**	1,531
Depreciation	**16,863**	16,326
Fair value losses/(gains) on securities measured at fair value through profit or loss, net	**2,774**	(1,172)
Losses/(gains) on disposals of securities measured at fair value through profit or loss, net	**2,306**	(4,999)
Exchange gains, net	**(10,897)**	(5,296)
Gross and net rental income	**(5,326)**	(4,548)
Interest income	**(1,854)**	(3,877)

5. TAX

	Six months ended 30 June 2008 HK$'000 (Unaudited)	30 June 2007 HK$'000 (Unaudited)
Current period provision:		
Hong Kong	**—**	—
Elsewhere	**2,557**	4,058
Deferred — *note 15*	**2,243**	—
	4,800	4,058

5. TAX *(Continued)*

Hong Kong profits tax has not been provided because the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2007: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the tax jurisdictions in which the Group operates, based on existing legislation and interpretations and practices in respect thereof.

The share of tax attributable to a jointly-controlled entity amounting to HK$2,090,000 (six months ended 30 June 2007: HK$3,468,000) is included in the share of profit of a jointly-controlled entity on the face of the condensed consolidated income statement.

During the 5th Session of the 10th National People's Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law (the "New Corporate Income Tax Law") was approved and became effective on 1 January 2008. The New Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%.

Pursuant to the Notice on the Implementation Rules for Grandfathering Relief under the New Corporate Income Tax Law issued by The State Council of the PRC on 26 December 2007, effective from 1 January 2008, the existing preferential income tax rate of 15% pertaining to the Group's subsidiaries operated in the PRC will gradually transit to the applicable tax rate of 25% from 2008 to 2012.

6. EARNINGS PER SHARE

The calculation of basic earnings per share for the period is based on the profit for the period of HK$10,127,000 (six months ended 30 June 2007: HK$32,190,000), and ordinary shares of 1,118,600,000 (six months ended 30 June 2007: weighted average number of 1,112,204,530) in issue during the period.

Diluted earnings per share amounts for the six months ended 30 June 2008 have not been disclosed as there were no potential dilutive shares outstanding during the period.

The calculation of diluted earnings per share for the six months ended 30 June 2007 was based on the profit for the period of HK$32,190,000 and the weighted average number of ordinary shares used in the calculation was 1,112,204,530 ordinary shares in issue during that period, as used in the basic earnings per share calculation and the weighted average number of 3,285,612 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all warrants outstanding during that period.

7. AVAILABLE-FOR-SALE INVESTMENTS

	As at 30 June 2008 ***HK$'000*** **(Unaudited)**	As at 31 December 2007 *HK$'000* (Audited)
Hong Kong listed equity investment, at fair value#	**14,600**	16,806
Unlisted equity investment, at cost	**711**	668
	15,311	17,474

The market value of the investment at the date of this interim financial report was approximately HK$7,000,000.

8. PREPAYMENTS AND DEPOSITS

On 29 December 2006, the Group and Zhuhai Guoyuan entered into a conditional sale and purchase agreement (the "Land Agreement") for the acquisition of several parcels of land currently leased to the Group where certain building structures of the Hotel Business were erected (the "Hotel Land") for an aggregate cash consideration of RMB90.9 million. The Group had paid a refundable deposit of RMB78 million (equivalent to HK$89 million) to Zhuhai Guoyuan for this purpose.

Pursuant to the Land Agreement, the acquisition of the Hotel Land is conditional upon the completion of the Debt Restructuring Agreement. If the completion of the above land acquisition is not completed by 16 April 2008 or other later date as agreed, the Group has the right to terminate the transaction and demand full refund of the deposit, together with the interest calculated at the prevailing PRC bank borrowing rate from 29 December 2006, from Zhuhai Guoyuan. Details of the Land Agreement, which constituted a connected transaction under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, was announced by the Company in a press announcement dated 26 January 2007.

On 18 March 2008, an announcement was made by the Company and the Group had entered into an extension agreement with Zhuhai Guoyuan to extend the longstop date from 16 April 2008 to 16 October 2008 for satisfaction of the conditions precedent under the Land Agreement.

9. SECURITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2008 *HK$'000* (Unaudited)	As at 31 December 2007 *HK$'000* (Audited)
Listed equity investments in Hong Kong	**6,899**	11,085
Listed equity investments in the PRC	**2,584**	25,231
Unlisted investment funds in the PRC	**263,646**	91,708
	273,129	128,024

10. TRADE RECEIVABLES

	As at 30 June 2008 *HK$'000* (Unaudited)	As at 31 December 2007 *HK$'000* (Audited)
Trade receivables	**44,130**	31,478
Impairment	**(2,693)**	(2,626)
	41,437	28,852

A defined credit policy is maintained within the Group. The general credit terms range from one month to three months, except for certain well-established customers with a good repayment history, where the terms are extended to 18 months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed by senior management. In view of the aforementioned, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

As at 30 June 2008, the Group had a receivable balance due from the Zhuhai Municipal Government arising from the use of the Group's hotel facilities amounting to approximately HK$29,499,000 (31 December 2007: HK$18,419,000). Such balance was included in trade receivables under current assets. The trade receivable with the Zhuhai Municipal Government was unsecured, interest-free and the credit term granted was as mentioned above.

10. TRADE RECEIVABLES *(Continued)*

An aged analysis of the trade receivables as at the balance sheet date, net of impairment allowance, is as follows:

	As at 30 June 2008	As at 31 December 2007
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current to 3 months	**9,534**	13,338
4 to 6 months	**11,623**	3,741
7 to 12 months	**12,225**	8,286
Over 12 months	**8,055**	3,487
	41,437	28,852

The carrying amounts of trade receivables approximate to their fair values.

Included in the above impairment allowance of trade receivables is an allowance for individually impaired trade receivables of approximately HK$2,693,000 (31 December 2007: HK$2,626,000) with a carrying amount of approximately HK$3,154,000 (31 December 2007: HK$3,360,000). The individually impaired trade receivables relate to customers that were in default or delinquency in payments and only a portion of the receivables is expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

11. DUE FROM A JOINTLY-CONTROLLED ENTITY

The amount due from a jointly-controlled entity is unsecured, interest-free and has no fixed term of repayment.

12. BALANCES WITH RELATED COMPANIES

Particulars of amounts due from related companies are as follows:

Name	Relationship	As at 30 June 2008 HK$'000 (Unaudited)	As at 31 December 2007 HK$'000 (Audited)
Macau-Mondial Travel & Tours Ltd.	Subsidiary of Zhu Kuan Macau	**5,398**	5,398
Zhuhai Special Economic Zone Hotel	Subsidiary of Zhu Kuan Macau	**458**	458
		5,856	5,856
Impairment		**(5,856)**	(5,856)
		—	—

The balances with related companies are unsecured, interest-free and have no fixed terms of repayment.

13. CASH AND CASH EQUIVALENTS

	As at 30 June 2008 HK$'000 (Unaudited)	As at 31 December 2007 HK$'000 (Audited)
Cash and bank balances	**129,493**	206,061
Time deposits with original maturity less than three months	**102,248**	139,022
	231,741	345,083

The carrying amounts of cash and cash equivalents approximate to their fair values.

14. TRADE PAYABLES

An aged analysis of trade payables as at the balance sheet date is as follows:

	As at 30 June 2008 *HK$'000* (Unaudited)	As at 31 December 2007 *HK$'000* (Audited)
Current to 3 months	**10,168**	13,058
4 to 6 months	**1,342**	406
7 to 12 months	**3,834**	2,611
Over 12 months	**3,617**	3,302
	18,961	19,377

The trade payables are non-interest-bearing and are normally settled on 60-day terms. The carrying amounts approximate to their fair values.

15. DEFERRED TAX LIABILITIES

	Revaluation of leasehold buildings *HK$'000*	**Withholding tax** *HK$'000*	**Total** *HK$'000*
30 June 2007			
At 1 January 2007	5,842	—	5,842
Effect on deferred tax due to change in the PRC tax rate	3,895	—	3,895
At 30 June 2007	9,737	—	9,737
30 June 2008			
At 1 January 2008	12,446	—	12,446
Deferred tax charged to the income statement during the period — *note 5*	—	2,243	2,243
At 30 June 2008	12,446	2,243	14,689

16. SHARE CAPITAL

	As at 30 June 2008	As at 31 December 2007
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Shares		
Authorised:		
2,000,000,000 shares of HK$0.10 each	**200,000**	200,000
Issued and fully paid:		
1,118,600,000 shares of HK$0.10 each	**111,860**	111,860

During the six months ended 30 June 2007, 19,620,000 warrants were exercised at a subscription price of HK$0.55 each resulting in the issue of 19,620,000 shares of HK$0.10 each for a total cash consideration of approximately HK$10,791,000, before issue expenses. No movement of share capital was noted during the six months ended 30 June 2008.

A summary of the transactions for the six months ended 30 June 2007 with reference to the above movements in the Company's share capital is as follows:

	Number of shares	**Share capital**	**Share premium account**	**Total**
		HK$'000	*HK$'000*	*HK$'000*
At 1 January 2007	1,098,980,000	109,898	452,272	562,170
Warrants exercised:				
Shares fully paid and issued	19,620,000	1,962	8,829	10,791
Share issue expenses	—	—	(1,231)	(1,231)
At 30 June 2007 and 30 June 2008	1,118,600,000	111,860	459,870	571,730

17. MATERIAL RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in the unaudited condensed consolidated interim financial report, the Group had the following material transactions with related parties during the period:

Name	*Notes*	Nature	**Six months ended 30 June 2008** *HK$'000* **(Unaudited)**	30 June 2007 *HK$'000* (Unaudited)
Zhuhai Holiday Resort Co., Ltd. (the "ZH Resort")	*(i)*	Rental expense	**4,416**	4,355
Ferry Company	*(ii)*	Port service fees	**20,901**	16,314
Zhuhai Jiuzhou Port Group Corporation	*(iii)*	Rental expenses	**2,410**	1,914
China Marine Bunker Supply Company Jiuzhou Branch	*(iv)*	Diesel fuel expenses	**4,075**	1,611

Notes:

(i) The rental expense paid to ZH Resort was calculated based on the tenancy agreement.

(ii) Jiuzhou Port Company, a subsidiary of the Company, received agency commission fees and service fees for acting as an agent in the sale of ferry tickets to passengers and for the provision of management services for the berthing facilities at the Jiuzhou Port in Zhuhai to Ferry Company, a jointly-controlled entity. The service fees are charged at a rate of 23.5% on the gross proceeds from the sale of ferry tickets.

(iii) The rental expenses paid to Zhuhai Jiuzhou Port Group Corporation, which is a substantial shareholder of the Company and the major shareholder of the Ferry Company, were calculated by reference to the respective tenancy agreements.

(iv) The diesel fuel expenses paid to China Marine Bunker Supply Company Jiuzhou Branch, which is a subsidiary of Zhuhai Jiuzhou Port Group Corporation, were calculated with reference to the diesel fuel supply agreement.

18. CONTINGENT LIABILITIES

At the balance sheet date, the Group had no significant contingent liabilities (31 December 2007: Nil).

19. OPERATING LEASE ARRANGEMENTS

At the balance sheet date, the Group had future minimum lease payments under non-cancellable operating leases in respect of land and buildings falling due as follows:

	As at 30 June 2008	As at 31 December 2007
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	**10,339**	11,371
In the second to fifth year, inclusive	**36,398**	36,450
After five years	**260,041**	263,612
	306,778	311,433

20. COMMITMENTS

In addition to the operating lease commitments detailed in note 19 above, the Group had the following commitments as at the balance sheet date:

	As at 30 June 2008	As at 31 December 2007
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Capital commitments contracted for:		
Acquisition of items of property, plant and equipment	**9,687**	9,101
Acquisition of the Hotel Land	**14,669**	13,776
	24,356	22,877

20. COMMITMENTS *(Continued)*

In addition, the Group's share of the jointly-controlled entity's own capital commitments, which are not included in the above, is as follows:

	As at 30 June 2008 ***HK$'000*** **(Unaudited)**	As at 31 December 2007 *HK$'000* (Audited)
Contracted, but not provided for	**20,890**	—

21. POST BALANCE SHEET EVENT

On 27 August 2008, the Group entered into a letter of intent (the "Letter of Intent") with an individual who is an independent third party in relation to the possible acquisition of 80% of the entire issued share capital of a company in Hong Kong ("Target Company"). The Letter of Intent became effective on 10 September 2008. The Target Company owns a wholly foreign owned enterprise established in the PRC which is principally engaged in the operation and management of a golf club, gun club, hunting area, hotel and sports training centre in Zhuhai.

Details of the Letter of Intent are set out in the Company's announcement dated 10 September 2008.

22. APPROVAL OF THE INTERIM FINANCIAL REPORT

This unaudited interim financial report was approved and authorised for issue by the board of directors on 19 September 2008.

MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION

Management Discussion and Analysis

Business Review

For the six months ended 30 June 2008, the unaudited consolidated revenue of the Group amounted to approximately HK$143,630,000 and the unaudited consolidated net profit attributed to shareholders amounted to approximately HK$10,127,000 representing an increase of 8.4% and a decrease of 68.5% respectively as compared with those of the corresponding period of last year. During the period under review, the operating environment of the Group experienced a rigorous challenge. This was mainly due to the global financial turbulence, the slowdown of economic growth and the tumble of stock market which impact on the consuming desire. On the other hand, the inflation in the Mainland China, especially soaring oil price, had resulted in an inevitable increase in the operating costs of the Group. Worse still, the snowstorm in the first quarter and the Wenchuan earthquake in the second quarter had also dampened the business of tourism and marine passenger transportation of the Group.

1. *Marine passenger transportation and port businesses*

   For marine passenger transportation business, even though the weather in Zhuhai was extremely unstable during the period under review and the number of available scheduled ferry was reduced caused by typhoons and rainstorm, a positive growth of number of passengers was, however, recorded as the ferry lines between Zhuhai and Hong Kong Airport opened up in the second half of last year was included during the period. During the period under review, the volume of ferry passenger trips between Guangdong and Hong Kong of Zhuhai High-Speed Passenger Ferry Co., Ltd. (the "Ferry Company") increased by approximately 4% as compared with that of the corresponding period of last year. The number of passenger trips of the ferry services between Zhuhai and Hong Kong, and Zhuhai and Shekou during the period under review operated by the Ferry Company was approximately 893,000 and 294,000 respectively, representing an increase of 11% and 4% respectively compared with that of the corresponding period of last year. On the other hand, the significant increase in the operating costs as a result of soaring fuel price had jeopardized the operating profits of the Ferry Company. In respect of port business, the ticket agency business and the operating income derived from the use of pier facilities of Zhuhai Jiuzhou Port Passenger Transport Service Co., Ltd. ("Jiuzhou Port Passenger Transport Company") recorded an increase of approximately 14% as compared with that of the corresponding period last year, which was mainly due to the increase in the number of passenger trips of the ferry services between Zhuhai and Hong Kong, and Zhuhai and Shekou by approximately 6% and 2% respectively as compared with those in the corresponding period in last year.

MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION *(Continued)*

Management Discussion and Analysis *(Continued)*

Business Review *(Continued)*

2. Hotel business

During the period under review, the average occupancy rate of our hotel was slightly dropped as compared with that of the same period last year. The income from room and related services rendered by our resort hotel during the period under review, remained at the similar level as compared with that of the same period last year. However, the gross operating profit of the business had reduced as a result of the increase in operating costs such as oil prices. The operating profits generated from the catering and sale of food businesses operated by our hotels had sustained steady growth as the volume of business from banquets and government receptions continued to rise. As for the travel agency business operated by our hotels, the gross operating profit had decreased despite the increase in the turnover as the increase in the costs was unable to be fully passed on to the tourists.

3. The New Yuanming Palace and the Fantasy Water World

During the period under review, the number of visitors of the New Yuanming Palace was approximately 276,000, representing a decrease of approximately 32% as compared with that of the same period last year. The Fantasy Water World operates for six months a year, namely from May to October each year. It is closed during the other months due to weather conditions. The operating results for the period included only the operation during the first two months, namely May and June, during which the number of visitors was approximately 36,000, representing a decrease of approximately 52% as compared with that of the same period last year. The substantial decrease in the number of visitors of the above tourist attractions was mainly due to the continuous rainfall in Mainland China during the period under review, in addition to the snowstorm at the beginning of the year and the earthquake in Sichuan at the middle of the year.

MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION *(Continued)*

Management Discussion and Analysis *(Continued)*

Business Review *(Continued)*

4. Others

During the period under review, the feeble financial markets in Mainland China and Hong Kong as well as the continuous downturn of the stock market arising from the lack of investors' confidence had resulted in losses on disposals of and fair value losses on securities measured at fair value through profit or loss of approximately HK$5,000,000 during the period, whilst the income from interest also decreased by approximately HK$2,000,000 as compared to that of the same period last year. The gains on disposals of and fair value gains on securities measured at fair value through profit or loss exceeded HK$6,000,000 during the same period last year was due to the feverish stock market. On the other hand, the continuous appreciation of Renminbi ("RMB") against Hong Kong dollars during the period under review had led to an increase in exchange gain of approximately HK$5,600,000 during the period as compared to that of the same period last year.

Prospects

Looking forward to the development of the second half of the year, the management of hotels under the listed company will intensify the sales effort of the celebration of festivals, and will strives to promote the marine exhibition which will be held at the end of the year with an aim to increase business revenue. The New Yuanming Palace and the Fantasy Water World will continue further improvement of their tourist attractions. For the purpose of stimulating the number of visiting tourists, it is planned to conduct a large-scale lantern show in the second half of the year and/ or exploring operating items at the Water World in winter. As unfavorable seasonal factors in term of bad weather are being faded away during the second half of the year up to now, the results of the New Yuanming Palace and the Fantasy Water World will gradually show improvement.

MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION *(Continued)*

Management Discussion and Analysis *(Continued)*

Prospects *(Continued)*

As to the marine passenger transportation and port businesses sector, Jiuzhou Port Passenger Transport Company will soon initiate the improvement project of the Jiuzhou Port Pier Passenger Transport Building. It is anticipated that the reconstruction and improvement project will be finished around the end of the year, which will subsequently increase the tourists' consumption amounts in the Passenger Transport Building and enhance its competitive. In order to withstand the operating cost pressure exerted by rising oil prices, the ticket prices of the ferry services between Zhuhai and Hong Kong operated by the Ferry Company also had increased by approximately 3% with effect from the mid-April this year to offset part of the effect of oil price surge. Relying on the geographical advantages of the Jiuzhou Port and the management strengths of the Ferry Company, while also linking with the outside and exploring the inside, the Company will actively explore the water passenger transport market of lines between Guangdong, Hong Kong and Macau to construct the "marine triangle transport circle" between Hong Kong, Jiuzhou Port and Macau; meanwhile, by strengthening the exploration of linking transports between water and land, Jiuzhou Port will become one of the terminal centre of transportation and tourism in the western area of Guangdong.

In September 2008, Shenzhen Airport High-Speed Passenger Transport Co., Ltd was established by joint-investment of the Ferry Company, Shenzhen Airport Port Co., Ltd. and Guangdong Chu Kong Shipping Co., Ltd. in which the Ferry Company holds 40% equity of the joint venture. The joint venture is committed to developing the marine high-speed passenger transport lines (including but not limited to the Shenzhen airport passenger port among Hong Kong, Macau and the mainland) and other relevant business. (Please refer to the announcement of the Company dated 11 September 2008 for details)

On 27 August 2008, the Company entered into a letter of intent (as amended and supplemented by a supplementary letter of intent which issued on 10 September 2008) with an individual (the "Possible Vendor") who is an independent third party in relation to the possible acquisition of 80% of the total issued share capital in a Hong Kong company (the "Target Company"). The letter of intent took effect on 10 September 2008.

The Target Company owns a wholly owned foreign enterprise established in the PRC. The enterprise is primarily engaged in the operation and management of a golf club, gun club, hunting area, hotel and sport training center in Zhuhai.

MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION *(Continued)*

Management Discussion and Analysis *(Continued)*

Prospects *(Continued)*

Pursuant to the letter of intent, an amount of Hong Kong dollars (equivalent to a total of RMB26 million) was paid by the Company to the Possible Vendor as earnest money in respect of the Company's proposed acquisition of the Target Company. The right of exclusivity to negotiation which was effective from the date of the letter of intent to its expiry was agreed to grant by the Possible Vendor to the Company. The letter of intent will automatically expire on 31 December 2008 in case the parties hereto have not entered into any formal agreement. The payment of earnest money will be secured by, among others, certain pledge given by the Possible Vendor over certain shares of the Target Company.

Subsequent to signing of the letter of intent, the Company will conduct further diligence review on the legal, financial, accounting and business aspects of the Target Company within 30 business days from the effective date of the letter of intent. The parties hereto will strive to conduct negotiations for the signing of the formal agreement on or before 31 December 2008.

Should the parties have entered into a formal agreement for the proposed acquisition, as agreed by both parties under the letter of intent, the indicative price for the acquisition of 80% of the total issued share capital of the Target Company will not exceed RMB200 million and the consideration will be paid in cash or partly in cash and partly by the shares of the Company (Please refer to the announcement of the Company dated 10 September, 2008 for details).

As disclosed in the 2007 Annual Report of the Company and the announcement of the Company dated 30 April 2008, on 5 August 2006, (1) (among others) Zhu Kuan Group Company Limited ("Zhu Kuan Macau"), Zhu Kuan (Hong Kong) Company Limited, the Liquidators and 珠海市國源投資有限公司 have entered into the Debt Restructuring Agreement; and (2) (among others) Zhu Kuan Macau, Pioneer Investment Ventures Limited, Longway Services Group Limited and the Liquidators have entered into the Settlement Agreement.

To the knowledge of the Directors, according to the original provision, the Debt Restructuring Agreement should be completed within 18 months from the signing date of the agreement (i.e., to be completed on or before 16 April 2008). The fulfillment of the Settlement Agreement is subject to the completion of the Debt Restructuring Agreement.

MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION *(Continued)*

Management Discussion and Analysis *(Continued)*

Prospects *(Continued)*

The Company was notified in April 2008 that, due to the additional time required for satisfying the condition precedents set out in the Debt Restructuring Agreement, the parties had agreed to extend the long stop date of the Debt Restructuring Agreement to 16 July 2008. As recently acknowledged by the Company, due to the failure for the parties to fulfill all condition precedents on or before the above-mentioned extended long stop date (i.e. 16 July 2008), the parties have agreed to further extend the long stop date of the Debt Restructuring Agreement to 16 October 2008.

The Group will continue to seek for potential investment opportunities to broaden the earning base, integrate its internal resources and expand more business effectively in order to bring about better return for the shareholders.

Liquidity and Financial Resources

The Group generally finances its operations with internally generated cashflow and banking facilities provided by its principal bankers in the PRC. As at 30 June 2008, the Group has no outstanding banking borrowings (31 December 2007: Nil). The Group's cash and bank balances and short term bank deposits as at 30 June 2008 amounted to approximately HK$231.7 million (31 December 2007: HK$345.1 million), of which approximately HK$213.8 million (31 December 2007: HK$300.2 million) were denominated in Renminbi and the remaining were all in Hong Kong dollars. In addition, the Group held short term investments in financial instruments of approximately HK$273.1 million as at 30 June 2008 (31 December 2007: HK$128 million) of which approximately HK$266.2 million were denominated in Renminbi (31 December 2007: HK$116.9 million) and the remaining were all in Hong Kong Dollars. The short term financial instruments comprised mainly investment in money market funds in Mainland China and Hong Kong listed securities with a view to enhance the Group's return on the surplus working capital. Since the Group has no outstanding banking borrowings as at 30 June 2008 and 31 December 2007 respectively, and based on the total bank borrowings in relation to shareholders' fund, the Group's gearing ratio as at 30 June 2008 and 31 December 2007 respectively was zero.

MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION *(Continued)*

Contingent Liabilities

As at 30 June 2008, the Group had no significant contingent liabilities.

Future Plans for Material Investments or Capital Assets

As at 30 June 2008, the Group had no future plans for material investments or capital assets except for those disclosed under the heading "Management Discussion and Analysis — Prospects" as stated aforesaid.

Foreign Exchange Exposure

Most of the businesses of the Group are operated in the Mainland China, and the principal revenues and costs were denominated in Renminbi or Hong Kong Dollars. Therefore, the management believes that there is no need for the Group to make use of financial instruments for hedging purposes.

As the assets and liabilities of the Group are mostly denominated in Renminbi, the management considers that no significant exposure to foreign exchange exists.

Capital Structure

As at 30 June 2008, the number of issued ordinary shares was 1,118,600,000 shares in aggregate and the shareholders' equity of the Group was approximately HK$1,279 million.

Material Investment Held, Significant Acquisition and Disposals

During the period under review, there was no acquisition or disposal of material investment, subsidiary or associated company.

Number and Remuneration of Employees

The number and remuneration of employees of the Group has not changed materially from the information disclosed in the latest annual report for the year ended 31 December 2007.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the headings "Share option scheme" and "Directors' interest and short positions in shares and underlying shares" below, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its holding companies and subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest ("Invested Entity"). Eligible participants of the Scheme include the directors and employees of the Company, its subsidiaries or any Invested Entity, suppliers and customers, of the Group or any Invested Entity, any person or entity that provides research, development or other technological support to the Group or any Invested Entity, and any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity. The Scheme became effective on 26 September 2002 and, unless otherwise terminated or amended, will remain in force for 10 years.

The maximum number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Scheme and any other share option schemes of the Company may not exceed 30% of the total number of shares in issue from time to time. The total number of shares which may be issued upon exercise of all share options to be granted under the Scheme and any other share option schemes of the Company may not exceed 239,700,000 shares, which represents 10% of the total number of shares in issue as refreshed in the annual general meeting held on 29 October 2004 (i.e. not exceeding 79,900,000 shares in the Company), plus the 159,800,000 share options previously granted. Share options which lapse in accordance with the terms of the Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating the 10% limit. The Company may seek approval of the shareholders in a general meeting for refreshing the 10% limit under the Scheme, save that the total number of shares which may be issued upon exercise of all share options to be granted under the Scheme and any other share option schemes of the Company under the limit as refreshed shall not exceed 10% of the total number of shares in issue as at the date of approval of the limit as refreshed. Share options previously granted under the Scheme or any other share option schemes of the Company (including share options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Scheme or any other share option schemes of the Company) will not be counted for the purpose of calculating the limit as refreshed. The total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue.

SHARE OPTION SCHEME *(Continued)*

Each grant of share options to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates under the Scheme must comply with the requirements of Rule 17.04 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and must be subject to approval by the independent non-executive directors to whom share options have not been granted. In addition, any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, which would result in the shares issued and to be issued upon the exercise of all share options already granted and to be granted (including share options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HK$5 million, is subject to prior approval from shareholders in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon the payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, save that such period may not be more than 10 years from the date of the offer of the share options, subject to the provisions for early termination set out in the Scheme. There is no minimum period for which an option must be held before the exercise of the subscription right attaching thereto, except as otherwise imposed by the board of directors.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the closing price of the Company's shares as quoted on The Stock Exchange of Hong Kong Limited ("Stock Exchange") on the date of grant of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the grant; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders meetings.

As at 30 June 2008, no share options were outstanding and no share options were granted or exercised under the Scheme during the period under review.

DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2008, the interests and short positions of the directors in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("the Model Code"), were as follows:

Long Positions in shares of the Company

Ordinary Shares of HK$0.10 each of the Company:

Name of directors	Number of shares directly and beneficially owned
Mr. Zhu Lifu	2,250,000
Mr. Gu Zengcai	1,000,000
Mr. Jin Tao	1,602,000
Mr. Yu Huaguo (Resigned on 3 September 2008)	2,160,000
Mr. Wu Hanqiu	1,500,000
Mr. Hui Chiu Chung, Stephen	500,000
Mr. Chu Yu Lin, David	2,700,000
Mr. Albert Ho	250,000
	11,962,000

Save as disclosed above, as at 30 June 2008, none of the directors had registered any interests and short positions in the shares and underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2008, the following interests of 5% or more in the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name	Number of ordinary shares directly and beneficially held (Unaudited)	Percentage of the Company's issued ordinary shares (Unaudited)
Zhuhai Jiuzhou Port Group Corporation	235,200,000	21.03%
Pioneer Investment Ventures Limited*	337,000,000	30.13%

* In accordance with Part XV of the SFO, Zhu Kuan Group Company Limited and Zhu Kuan Company of the Zhuhai SEZ were deemed to be interested in the 337,000,000 shares of the Company held by Pioneer Investment Ventures Limited because:

— Zhu Kuan Group Company Limited (in liquidation) is the immediate holding company of Pioneer Investment Ventures Limited (in provisional liquidation); and

— Zhu Kuan Company of the Zhuhai SEZ is the immediate holding Company of Zhu Kuan Group Company Limited.

The 337 million shares (representing approximately 30.13% equity interest in the Company) held by Pioneer Investment Ventures Limited have been pledged to Longway Services Group Limited, a wholly-owned subsidiary of Zhuhai Jiuzhou Port Group Corporation.

Save as disclosed above, as at 30 June 2008, no person, other than the directors of the Company whose interests are set out in the section "Directors' interest and short positions in shares and underlying shares" above, had registered an interest or short position in the shares and underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the latest corporate governance report (the "CG Report") which was published in our 2007 Annual Report dated 21 April 2008, it was reported that the Company had complied with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules save for the following:

Under Code Provision A.4.1, non-executive directors should be appointed for a specific term and subject to re-election. The Company has deviated from this provision in that the Company's non-executive director and independent non-executive directors are not appointed for a specific term, but are subject to retirement by rotation once every three years and any new director appointed to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after appointment pursuant to the Company's Bye-laws.

Save as disclosed above, the Company had complied with the code provisions set out in the CG Code during the six months ended 30 June 2008.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. All directors of the Company have confirmed, immediately following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2008.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the CG Code for the purpose of reviewing and providing supervision over the financial reporting process and internal controls of the Group. The audit committee comprises the three independent non-executive directors and the non-executive director of the Company. The unaudited interim financial report of the Company for the six months ended 30 June 2008 has been reviewed by the audit committee and the Company's auditors, Ernst & Young.

INTERIM DIVIDEND

The Board of Directors does not recommend the payment of any interim dividend for the six months ended 30 June 2008 (six months ended 30 June 2007: Nil).

By Order of the Board of Directors
Zhu Lifu
Chairman

Hong Kong, 19 September 2008