



Golden Resorts
黃金集團

Golden Resorts Group Limited
黃金集團有限公司

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

Interim Report 2008

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman and Non-executive Director

Mr. CHU Nicholas Yuk-yui

Executive Directors

Mrs. CHU Yuet Wah (Chief Executive Officer)

Mr. WONG Hin Shek

Independent Non-executive Directors

Dr. WONG Yun Kuen

Mr. LAU Man Tak

Mr. YU Pak Yan, Peter

COMPANY SECRETARY & QUALIFIED ACCOUNTANT

Mr. CHAN Yung

AUDITORS

Graham H Y Chan & Co

Unit 1, 15th Floor, The Center

99 Queen's Road Central

Hong Kong

PRINCIPAL BANKERS

Chong Hing Bank Limited

Bank of China (Hong Kong) Limited

HONG KONG LEGAL ADVISERS

K&L Gates

35/F., Two International Finance Centre

8 Finance Street

Central

Hong Kong

BERMUDA LEGAL ADVISERS

Conyers Dill & Pearman

Room 2901, One Exchange Square

8 Connaught Place

Central

Hong Kong

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2809, 28th Floor

One International Finance Centre

1 Harbour View Street

Central

Hong Kong

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda) Limited

Rosebank Centre

11 Bermudiana Road

Pembroke HM08

Bermuda

BRANCH SHARE REGISTRARS AND TRANSFER OFFICE IN HONG KONG

Tricor Abacus Limited

26/F., Tesbury Centre

28 Queen's Road East

Wanchai

Hong Kong

STOCK CODE

1031

WARRANT CODE

741

WEBSITE

<http://www.goldenresortsgroup.com>

The Board of Directors (“the Board”) of Golden Resorts Group Limited (“the Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, “the Group”) for the six months ended 30 June 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group’s unaudited turnover was approximately HK\$238 million for the six months ended 30 June 2008, representing a decrease of approximately 8% as compared with approximately HK\$260 million in the corresponding period of year 2007. For the current period under review, the revenue from the gaming business and trading of securities experienced a set back, which was partly offset by the improved performance of Grandview Hotel and Casa Real Hotel.

For the six months ended 30 June 2008, the Group recorded an EBITDA of approximately HK\$87 million (2007: HK\$128 million). The unaudited net profit attributable to the Company’s shareholders amounted to approximately HK\$30 million (2007: HK\$64 million). The basic earnings per share for the six months ended 30 June 2008 was HK0.40 cents (2007: HK0.96 cents).

Hotel & Gaming Business

The Group operates in one of the fastest-growing gaming markets in the world and its hotel and gaming business continued to prosper for the six months ended 30 June 2008. Regarding the revenue mix, revenue from the mass market gaming business accounted for 45% (2007: 39%) of the Group’s turnover while revenue from VIP gaming business accounted for 7% (2007: 12%). Revenue from the hotel business contributed 43% (2007: 37%).

The arrival of several new players did present challenge to the Group’s market share. Nevertheless the Group managed to maintain a stable revenue from gaming operation that amounted to approximately HK\$124 million as compared to approximately HK\$131 million in the corresponding period of last year.

Trading of listed securities

Revenue from trading of securities decreased significantly to approximately HK\$11 million during the period under review from approximately HK\$32 million for the last corresponding period in 2007.

The global economies were extremely volatile during the period under review and the Group’s portfolio incurred considerable unrealised holding loss as at 30 June 2008. Given a series of financial crisis events in the United States, the Group will review its portfolio from time to time with a view to enhance the shareholders’ return.

Future Business Prospects and Plans

In order to provide premium services and create a stunning ambiance to our honorable guests, further renovation work in guest rooms as well as facilities in both Grandview Hotel and Casa Real Hotel commenced in the early of 2008. Upon the completion of the renovation work in the second half of 2008, the number of luxurious suites were further increased to cope with the increasing trend towards the high end accommodation market in Macau.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Future Business Prospects and Plans (Continued)

To secure current customers and to expand the Group's customer base, the management is continuously pursuing various marketing and promotion programmes such as comprehensive membership programme. Customers can enjoy extensive and free services within the Group's properties with the use of our casino packages.

The Group continuously co-operates with travel agencies and offers packages and joint promotions with business partners to direct a wider scope of customers to the two hotels and gaming facilities. With Macau's growing prominence in the global gaming arena, the Group will strive to increase its market share in the mass market and VIP gaming in Macau.

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

Capital Structure

- (i) For the six months ended 30 June 2008, the Company purchased 13,564,000 of its ordinary shares on the Stock Exchange of Hong Kong Limited ("the Stock Exchange"). All the shares purchased were cancelled.
- (ii) Pursuant to a resolution passed on 3 June 2008, a bonus issue of new warrants to shareholders was made on the basis of one warrant for every five shares held. Such warrants will entitle the registered holder to subscribe for new shares of the Company at an initial subscription price of HK\$35 cents per share at any time from the date of issue, 10 June 2008 to 9 June 2010. On 10 June 2008, 1,480,023,698 warrants were issued. As at 30 June 2008, there were 1,480,023,698 outstanding warrants.

Liquidity, Financial Resources and Funding

As at 30 June 2008, the shareholders' fund and net current assets of the Group amounted to approximately HK\$3.2 billion and HK\$535 million respectively. On the same date, the Group had cash and bank balance of approximately HK\$326 million and the current ratio was 20 (31 December 2007: 4).

As at 30 June 2008, the Group had total borrowings amounted to approximately HK\$5 million. The net gearing ratio is measured on the basis of total borrowings less bank and cash balances over net assets. As the Group was in net cash position, no net gearing ratio is presented.

Contingent Liabilities

No material contingent liabilities of the Group were noted as at 30 June 2008.

Foreign Currency Exposure

As the Group's hotel revenues are mostly based on Macau Patacas ("MOP"), having considered that the exchange rate of MOP is fairly stable, its exposure to exchange rate risk is considered limited.

Employees

As at 30 June 2008, the Group employed a total of approximately 750 staff. The employees' remuneration, promotion and salary adjustment are assessed based on their work performance, working and professional experiences and the prevailing market practice.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2008

		(Unaudited)	
		Six months ended 30 June	
		2008	2007
	Note	HK\$'000	HK\$'000
Turnover		237,862	260,085
Cost of sales		(29,333)	(35,243)
Operating cost		<u>(73,178)</u>	<u>(72,262)</u>
Gross profit		135,351	152,580
Other operating income		8,131	11,176
Gain on disposal of available-for-sale investments		1,194	–
Marketing and distribution costs		(4,487)	(5,476)
Administrative expenses		(73,362)	(74,085)
Net unrealised loss on trading securities		(25,470)	–
Staff costs	4	(10,585)	(10,112)
Finance costs	5	<u>(186)</u>	<u>(8,136)</u>
Profit before taxation	6	30,586	65,947
Taxation	7	<u>–</u>	<u>–</u>
Profit for the period		<u>30,586</u>	<u>65,947</u>
Attributable to:			
Equity holders of the Company		29,791	63,721
Minority interest		<u>795</u>	<u>2,226</u>
		<u>30,586</u>	<u>65,947</u>
Dividends	8	<u>–</u>	<u>–</u>
Earnings per share for profit attributable to equity holders of the Company	9		
– Basic		<u>0.40 cents</u>	<u>0.96 cents</u>
– Diluted		<u>0.40 cents</u>	<u>0.88 cents</u>

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2008

		30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
	<i>Note</i>		
Non-current assets			
Property, plant and equipment	10	1,871,049	1,899,017
Prepaid land lease payments		772,346	781,853
Deferred tax assets		5,575	5,575
Deposit for hotel renovation and acquisition of property, plant and equipment		<u>24,955</u>	<u>19,956</u>
		<u>2,673,925</u>	<u>2,706,401</u>
Current assets			
Inventories	11	2,270	2,497
Prepaid land lease payments		19,066	19,066
Available-for-sale investments		31,149	25,887
Trading securities		124,877	15,261
Trade and other receivables	12	59,280	60,154
Cash and bank balances		<u>326,414</u>	<u>605,740</u>
		<u>563,056</u>	<u>728,605</u>
Current liabilities			
Trade and other payables	13	22,157	33,141
Borrowings – due within one year	14	5,426	140,832
Tax payable		<u>72</u>	<u>72</u>
		<u>27,655</u>	<u>174,045</u>
Net current assets		<u>535,401</u>	<u>554,560</u>
Net assets		<u>3,209,326</u>	<u>3,260,961</u>
Capital and reserves			
Share capital	15	74,001	74,137
Reserves		<u>3,128,868</u>	<u>3,181,162</u>
Total equity attributable to equity holders of the Company		<u>3,202,869</u>	<u>3,255,299</u>
Minority interest		<u>6,457</u>	<u>5,662</u>
		<u>3,209,326</u>	<u>3,260,961</u>

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2008

	Attributable to equity holders of the Company											
	Share capital HK\$'000	Capital	Share	Contributed surplus HK\$000	Leasehold	Employee	Investment reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Minority interest HK\$'000	Total equity HK\$'000
		redemption	premium		building	share-based						
		reserve	account		revaluation	payment						
At 1 January 2007	12,324	-	1,226,231	814	886,533	71,584	-	235	392,010	2,589,731	10,136	2,599,867
Share repurchased	(27)	-	(4,614)	-	-	-	-	-	-	(4,641)	-	(4,641)
Issue of share for cash, net of expenses	2,200	-	421,884	-	-	-	-	-	-	424,084	-	424,084
Issue of shares under share option plan	8	-	1,854	-	-	(225)	-	-	-	1,637	-	1,637
Bonus issue	58,023	-	(58,023)	-	-	-	-	-	-	-	-	-
Realised upon depreciation based on revalued amount of land and building	-	-	-	-	(10,227)	-	-	-	10,227	-	-	-
Employee share-based payments	-	-	-	-	-	263	-	-	-	263	-	263
Forfeiture of share options	-	-	-	-	-	(3,456)	-	-	3,456	-	-	-
Profit for the period	-	-	-	-	-	-	-	-	63,721	63,721	2,226	65,947
At 30 June 2007	72,528	-	1,587,332	814	876,306	68,166	-	235	469,414	3,074,795	12,362	3,087,157
At 1 January 2008	74,137	-	1,657,532	814	906,880	57,411	3,191	235	555,099	3,255,299	5,662	3,260,961
Share repurchased	(136)	136	(4,235)	-	-	-	-	-	(136)	(4,371)	-	(4,371)
Realised upon disposal of available-for-sale investments	-	-	-	-	-	-	(3,961)	-	-	(3,961)	-	(3,961)
Realised upon depreciation based on revalued amount of land and building	-	-	-	-	(10,770)	-	-	-	10,770	-	-	-
Employee share-based payments	-	-	-	-	-	98	-	-	-	98	-	98
Forfeiture of share options	-	-	-	-	-	(45)	-	-	45	-	-	-
Expiration of warrants	-	-	-	-	-	(48,800)	-	-	48,800	-	-	-
Profit for the period	-	-	-	-	-	-	-	-	29,791	29,791	795	30,586
Payment of dividends	-	-	-	-	-	-	-	-	(73,987)	(73,987)	-	(73,987)
At 30 June 2008	74,001	136	1,653,297	814	896,110	8,664	(770)	235	570,382	3,202,869	6,457	3,209,326

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2008

	(Unaudited)	
	Six months ended 30 June	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash from operating activities	107,973	131,246
Net cash used in investing activities	(173,349)	(13,226)
Net cash (used in)/from financing activities	<u>(218,544)</u>	<u>341,077</u>
Net (decrease)/increase in cash and cash equivalents	(283,920)	459,097
Cash and cash equivalents at 1 January	<u>604,908</u>	<u>89,119</u>
Cash and cash equivalents at 30 June	<u>320,988</u>	<u>548,216</u>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	326,414	554,708
Bank overdrafts	<u>(5,426)</u>	<u>(6,492)</u>
	<u>320,988</u>	<u>548,216</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

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

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

These condensed interim financial statements were approved and authorized for issue by the board of directors on 29 September 2008.

2. Basis of presentation and accounting policies

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

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

The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2007. The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007.

In the current interim period, the Group has applied a number of new standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for accounting periods beginning on or after 1 January 2008. The application of the new HKFRSs did not have any material impact on how the financial statements of the Group are prepared and presented for the current or prior accounting period.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Basis of presentation and accounting policies (Continued)

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating segments ¹
Amendments to HKAS 32 and HKAS 1	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HK(IFRIC) – Int 13	Customer Loyalty Programmes ³
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate ¹
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation ⁴

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

² Effective for annual periods beginning on or after 1 July 2009

³ Effective for annual periods beginning on or after 1 July 2008

⁴ Effective for annual periods beginning on or after 1 October 2008

3. Segmental information

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

(a) *By business segment*

The Group is comprised of the following business segments:

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

The following table represents revenue and profit/(loss) information on each of the above business segments for the six months ended 30 June 2008 and 2007.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Segmental information (Continued)

(a) By business segment (Continued)

	Holding and operating of hotels		Trading of listed securities		Total	
	Six months ended		Six months ended		Six months ended	
	30 June		30 June		30 June	
	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover						
External sales	<u>226,826</u>	<u>228,580</u>	<u>11,036</u>	<u>31,505</u>	<u>237,862</u>	<u>260,085</u>
Results						
Segment result	<u>68,443</u>	<u>72,621</u>	<u>(35,865)</u>	<u>2,708</u>	<u>32,578</u>	<u>75,329</u>
Unallocated corporate expenses					<u>(9,839)</u>	<u>(12,159)</u>
Other operating income					<u>8,131</u>	<u>11,176</u>
Expenses in relation to the grant of share option					<u>(98)</u>	<u>(263)</u>
Finance costs					<u>(186)</u>	<u>(8,136)</u>
Profit before taxation					<u>30,586</u>	<u>65,947</u>
Taxation					<u>-</u>	<u>-</u>
Profit for the period					<u>30,586</u>	<u>65,947</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Segmental information (Continued)

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

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

	Holding and operating of hotels		Trading of listed securities		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
The People's Republic of China ("PRC") including Hong Kong excluding Macau	-	-	11,036	31,505	11,036	31,505
Macau	226,826	228,580	-	-	226,826	228,580
	<u>226,826</u>	<u>228,580</u>	<u>11,036</u>	<u>31,505</u>	<u>237,862</u>	<u>260,085</u>

4. Staff costs

	(Unaudited)	
	Six months ended 30 June 2008 HK\$'000	2007 HK\$'000
Staff costs (including directors' remuneration)		
- salaries, bonus, allowances and benefits in kind (NB 1)	46,397	41,397
- expenses in relation to the grant of share option (NB 2)	98	263
	<u>46,495</u>	<u>41,660</u>

NB 1: Included in operating costs are staff costs of HK\$35,910,000 (2007: HK\$31,548,000), which had also been included in staff costs disclosed above.

NB 2: Options were granted by the Company on 28 April 2006. Details refer to note 18.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Finance costs

	(Unaudited)	
	Six months ended 30 June	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest expense on bank loans and overdrafts	186	8,131
Other loan interest	—	5
	<u>186</u>	<u>8,136</u>

6. Profit before taxation

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

	(Unaudited)	
	Six months ended 30 June	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Amortisation of land lease payments	9,507	9,455
Depreciation	<u>46,318</u>	<u>44,697</u>

7. Taxation

No provision for Hong Kong profits tax has been made for six-months period ended 30 June 2008 as the Group has no assessable profit for the period (six months ended 30 June 2007: nil).

No provision for Macau Complementary Tax has been made as the subsidiaries operating in Macau has no assessable profit for the period (six months ended 30 June 2007: nil).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Dividends

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

9. Earnings per share

(a) The calculation of basic earnings per share is based on the net profit attributable to shareholders for the six months ended 30 June 2008 of HK\$29,791,000 (30 June 2007: HK\$63,721,000), and the weighted average number of 7,401,547,490 ordinary shares (2007: 6,645,511,501) in issue during the period.

(b) For the six months ended 30 June 2008, share options and warrants has no dilutive effect as the average market price of ordinary shares during the period did not exceed the exercise price of the share options and warrants.

The calculation of diluted earnings per share for the six months ended 30 June 2007 was based on the net profit attributable to the ordinary equity holders and number of shares as used in the basic earnings per share calculation, adjusted for 577,984,179 shares assumed to have been issued since 1 January throughout the six months ended 30 June 2007, at no consideration on the deemed exercise of all share options.

10. Property, plant and equipment

During the period, the Group's acquisition of property, plant and equipment amounted to HK\$18,350,000 (six months ended 30 June 2007: HK\$16,176,000).

11. Inventories

	30 June 2008 (unaudited) HK\$'000	31 December 2007 (audited) HK\$'000
Holding and operating of hotels		
Food and beverage	<u>2,270</u>	<u>2,497</u>

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

12. Trade and other receivables

	30 June 2008 (unaudited) HK\$'000	31 December 2007 (audited) HK\$'000
Trade receivables	40,739	51,662
Deposits and prepayments	<u>18,541</u>	<u>8,492</u>
	<u>59,280</u>	<u>60,154</u>

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

	30 June 2008 (unaudited) HK\$'000	31 December 2007 (audited) HK\$'000
0 – 30 days	26,090	34,680
31 – 60 days	6,383	7,658
61 – 90 days	2,556	1,737
Over 90 days	<u>10,225</u>	<u>12,102</u>
	45,254	56,177
Allowance for doubtful debt	<u>(4,515)</u>	<u>(4,515)</u>
	<u>40,739</u>	<u>51,662</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Trade and other payables

	30 June 2008 (unaudited) HK\$'000	31 December 2007 (audited) HK\$'000
Trade payables	4,770	11,582
Other payable and accruals	<u>17,387</u>	<u>21,559</u>
	<u>22,157</u>	<u>33,141</u>

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

	30 June 2008 (unaudited) HK\$'000	31 December 2007 (audited) HK\$'000
0 – 30 days	4,479	7,494
31 – 60 days	1	3,227
61 – 90 days	2	146
Over 90 days	<u>288</u>	<u>715</u>
	<u>4,770</u>	<u>11,582</u>

14. Borrowings

	30 June 2008 (unaudited) HK\$'000	31 December 2007 (audited) HK\$'000
Bank overdrafts	5,426	832
Bank loans, secured	<u>–</u>	<u>140,000</u>
	5,426	140,832
Less: Amount due within one year shown under current liabilities	<u>(5,426)</u>	<u>(140,832)</u>
Amount due after one year	<u>–</u>	<u>–</u>

As at 31 December 2007, the bank loans are secured by certain leasehold land and buildings of the Group held outside Hong Kong.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Share capital

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
<i>Authorised:</i>		
At 1 January 2008 and 30 June 2008	<u>30,000,000,000</u>	<u>300,000</u>
<i>Issued and fully paid:</i>		
At 1 January 2008	7,413,682,490	74,137
Share repurchased	<u>(13,564,000)</u>	<u>(136)</u>
At 30 June 2008	<u>7,400,118,490</u>	<u>74,001</u>

- (i) During the period, the Company purchased 13,564,000 of its ordinary shares on the Stock Exchange of Hong Kong Limited. All the shares purchased were cancelled. The nominal value of the cancelled shares was credited to the capital redemption reserve and the aggregate consideration was paid out of the retained profits. Details of shares acquired by month are as follows:

Month	Number purchased	Highest price paid HK\$	Lowest price paid HK\$	Total cost HK\$'000
January	<u>13,564,000</u>	0.36	0.29	<u>4,371</u>

16. Capital Commitment

	30 June 2008 (unaudited) HK\$'000	31 December 2007 (audited) HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment:		
– Contracted but not provided for	<u>8,453</u>	<u>17,241</u>
– Authorised but not contracted for	<u>–</u>	<u>1,425</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Operating lease commitment

At 30 June 2008, the Group had total future minimum lease payments under non-cancellable operating leases in respect of properties payable as follows:

	30 June 2008 (unaudited) HK\$'000	31 December 2007 (audited) HK\$'000
Within one year	8,756	862
After one year but within five years	<u>12,915</u>	<u>–</u>
	<u>21,671</u>	<u>862</u>

18. Share-based payment transactions

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

Category of participants	Date of grant	Exercise period	Exercise price	Balance at 30 June 2008
Directors	28 April 2006	28 April 2006 to 31 December 2009	HK\$0.40	85,600,000
Consultants	28 April 2006	28 April 2006 to 31 December 2009	HK\$0.40	60,600,000
Staff	28 April 2006	28 April 2006 to 31 December 2009	HK\$0.40	12,801,500

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

18. Share-based payment transactions *(Continued)*

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

Category of participants	Outstanding at 1 January 2008	Exercised during the period	Lapsed during the period	Outstanding at 30 June 2008
Directors	85,600,000	–	–	85,600,000
Consultants	60,600,000	–	–	60,600,000
Staff	13,939,000	–	(1,137,500)	12,801,500

The share options granted are subject to the following vesting schedule:

Vesting schedule	Percentage of shares over which a share option is exercisable
From 1 January 2007 to 30 June 2007	20%
From 1 July 2007 to 31 December 2007	15%
From 1 January 2008 to 30 June 2008	15%
From 1 July 2008 to 31 December 2008	15%
From 1 January 2009 to 30 June 2009	15%
From 1 July 2009 to 31 December 2009	20%

The fair value of share options granted is recognised as an employee share-based payment with a corresponding increase in employee share-based payment reserve within equity over the relevant vesting periods. The fair value of share options was measured at the grant date using the Binomial pricing model after taking into accounts the terms and conditions upon which the share options were granted.

The Group recognised the total expense of HK\$98,000 for the period ended 30 June 2008 (six months ended 30 June 2007: HK\$263,000) in relation to share options granted by the Company.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Related party transactions

(a) *Key management personnel remuneration*

Remuneration for key management personnel, including amounts paid to the Company's directors is as follows :

	(Unaudited)	
	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Short-term employee benefits	8,513	3,716
Post-employment benefits	12	14
	<u>8,525</u>	<u>3,730</u>

(b) *During the period, the Group entered into the following material related party and connected transactions.*

Name of related party	Nature of transaction	(Unaudited)	
		Six months ended 30 June	
		2008	2007
		HK\$'000	HK\$'000
Kingston Corporate Finance Limited (note 1)	Financial advisory fee (note 2)	300	–
Kingston Securities Limited (note 1)	Placing commission and related expenses (note 3)	–	9,801
	Brokerage fee in respect of dealing in securities (note 3)	125	–
	Interest income (note 4)	27	–

Notes:

- The director, Mrs. CHU Yuet Wah has controlling interest in the above companies.
- This transaction was transacted at a price agreed between the parties and in accordance with the agreement.
- Placing commission was charged at 2.25% and brokerage fee was charged at 0.25%
- Interest income was charged at 1.5% to 2.5% per annum.

INTERIM DIVIDEND

The Board of Directors has resolved not to declare any interim dividend for the six months ended 30 June 2008 (2007: nil).

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

At 30 June 2008 the following Directors had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which would be required (a) to be notified to the Company or the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the requirements of the Model Code for Securities Transactions by Directors of Listed Companies:

Long positions in the Shares:

Name of Directors	Number of shares of the Company		Number of underlying shares of the Company	Total	Approximate percentage of shareholding
	Personal Interests	Corporate Interests			
Mrs. CHU Yuet Wah	–	3,147,215,680 <i>(Note 1)</i>	654,443,136 <i>(Note 2)</i>	3,801,658,816	51.37%
Mr. CHU, Nicholas Yuk-yui	–	3,147,215,680 <i>(Note 1)</i>	654,443,136 <i>(Note 2)</i>	3,801,658,816	51.37%
Mr. WONG Hin Shek	–	–	60,600,000 <i>(Note 3)</i>	60,600,000	0.82%

Notes:

- As at 30 June 2008, of the 3,147,215,680 shares, 3,120,643,990 shares are held by Sure Expert Limited, 26,566,665 shares are held by Kingston Capital Limited and 5,025 Shares are held by Kingston Securities Limited. Both Kingston Capital Limited and Kingston Securities Limited are controlled by Mrs. CHU Yuet Wah ("Mrs. CHU"). Mr. CHU Nicholas Yui-yui ("Mr. CHU"), the husband of Mrs. CHU, is deemed to be interested in these 3,147,215,680 shares.
- As at 30 June 2008, Mrs. CHU, through Sure Expert Limited held 624,128,798 warrants, Kingston Capital Limited held 5,313,333 warrants and Kingston Securities Limited held 1,005 warrants conferring rights to subscribe for up to approximately HK\$220,305,097 in aggregate in cash for 629,443,136 new shares at an adjusted subscription price of HK\$0.35 per share (the "Warrants"). Each of Mr. CHU, and Mrs. CHU personally held 12,500,000 share options conferring rights to subscribe for 12,500,000 shares. Mr. CHU, the husband of Mrs. CHU, is deemed to be interested in the 641,943,136 underlying shares held by Mrs. CHU. Mrs. CHU is deemed to be interested in the 12,500,000 underlying shares held by Mr. CHU.
- As at 30 June 2008, 60,600,000 share options conferring rights to subscribe for 60,600,000 shares.

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

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

DIRECTORS' RIGHT TO ACQUIRE SHARES AND DEBENTURES

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

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2008, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Name of Shareholders	Number of shares of the Company		Number of underlying shares of the Company	Total	Approximate percentage of shareholding
	Personal Interests	Corporate Interests			
Sure Expert Limited <i>(Note 1)</i>	–	3,120,643,990	624,128,798	3,744,772,788	50.60%
Choose Right Limited	–	676,250,000	135,250,000	811,500,000	10.97%

Note:

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

Save for those disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2008.

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

During the six months ended 30 June 2008, the Company purchased 13,564,000 of its ordinary shares on the Stock Exchange. All the shares purchased were cancelled. Saved for those disclosed above, neither the Company and subsidiaries, has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

Throughout the six months ended 30 June 2008, the Company has complied with all code provisions in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors by Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all directors of the Company have confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2008.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the appropriateness and consistent application of significant accounting principles and policies adopted by the Group, and discussed judgemental issues, accounting estimates, adequacy of disclosures and internal consistency of the interim financial report for the six months ended 30 June 2008.

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

Hong Kong, 29 September 2008