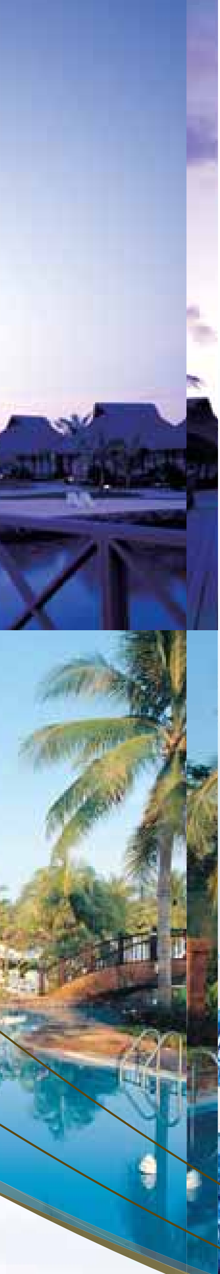


九洲發展有限公司
JIUZHOU DEVELOPMENT COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 908

2008
ANNUAL REPORT

Contents

Corporate Information

Board of Directors

Zhu Lifu *(Chairman)*
Gu Zengcai *(Deputy Chairman)*
Huang Xin *(Chief Executive Officer)*
Jin Tao
Wu Hanqiu
Liang Han#
Hui Chiu Chung, Stephen*
Chu Yu Lin, David*
Albert Ho*

Non-executive Director
* *Independent Non-executive Director*

Audit Committee

Albert Ho *(Chairman)*
Hui Chiu Chung, Stephen
Chu Yu Lin, David
Liang Han

Remuneration Committee

Hui Chiu Chung, Stephen *(Chairman)*
Chu Yu Lin, David
Albert Ho
Liang Han
Gu Zengcai

Company Secretary and Qualified Accountant

Poon Yu Keung

Auditors

Ernst & Young
Certified Public Accountants
Hong Kong

Principal Bankers

Industrial and Commercial Bank of China, Zhuhai Branch
Bank of China, Zhuhai Branch
Everbright Bank of China, Zhuhai Branch
Bank of Communications, Zhuhai Branch
Construction Bank of China, Zhuhai Branch

Legal Advisors

Chiu & Partners

Principal Share Registrars

The Bank of Bermuda Limited
6 Front Street
Hamilton HM 11
Bermuda

Branch Share Registrars

Tricor Tengis Limited
26/F Tesbury Centre
28 Queen's Road East
Hong Kong

Head Office and Principal Place of Business

Units 3709-10
37/F West Tower, Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan
Hong Kong

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

SPRING

Chairman's Statement

I hereby present the audited consolidated results of Jiuzhou Development Company Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2008. The consolidated turnover of the Group for the year was approximately HK$324,137,000 and the net profit attributable to shareholders was approximately HK$12,374,000, representing an increase of 8% and a decrease of approximately 84% as compared with the previous year. Basic earnings per share for the year were HK1.11 cents. The board of directors of the Company (the "Board") does not recommend the payment of any final dividend.

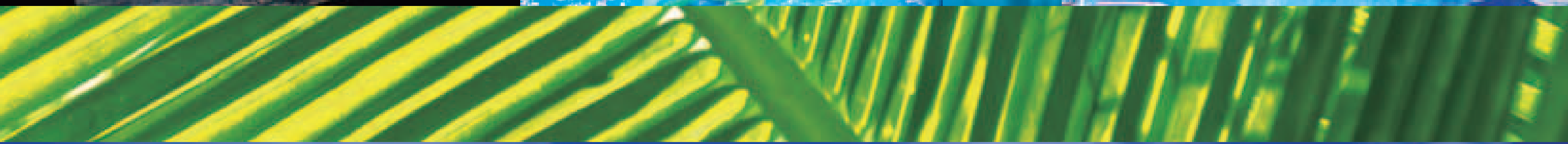
During the year, the operating environment of the Group experienced a rigorous challenge. This was mainly due to the global financial turbulence, the rapid slowdown in economic growth and the tumble of stock market and financial assets value which affected the consumer sentiments and business consumption. On the other hand, inflation persisted in China in the first half of the year. This, especially the soaring oil price, has resulted in an inevitable increase in the operating costs of the Group. Further aggravating the situation, the snowstorm in the first quarter and the Wenchuan earthquake in the second quarter of the year also dampened the business of tourism and marine passenger transportation of the Group.

Leveraging on the strong financial position and high cash level of the Group, the Board will not idle during a time of slowdown in growth but will actively seek and explore suitable investment opportunities and potential projects, and/or merger and acquisition opportunities related to tourism and marine passenger transportation business, with the objective to further expand the size of the main business, increase the value of its assets, broaden its profit base and maximise the return to shareholders. I, on behalf of the Board, would like to express my sincere gratitude to the independent non-executive directors, Mr. Hui Chiu Chung, Stephen, Mr. Chu Yu Lin, David and Mr. Albert Ho for their contribution to the Group and the efforts made by all staff over the year.

On behalf of the Board
Zhu Lifu
Chairman

Hong Kong, 17 April 2009

SUMMER



Management Discussion and Analysis

Business Review

1. Marine passenger transportation and port business

For marine passenger transportation business, the weather in Zhuhai was extremely unstable during the year and the number of available scheduled ferry was reduced due to typhoons and rainstorms. In particular, the outbreak of the financial tsunami at the end of the second half of the year impacted tourists' desire to travel and resulted in a slump in the number of passengers. However, as the ferry lines between Zhuhai and Hong Kong Airport that opened up in the second half of last year were included during the year, the overall decrease in the number of ferry passenger between Zhuhai and Hong Kong was not significant. During the year, the volume of passenger trips between Zhuhai and Hong Kong, and Zhuhai and Shekou operated by Zhuhai High-Speed Passenger Ferry Co., Ltd. (the "Ferry Company") was approximately 1,785,000 and 565,000 respectively, representing a decrease of approximately 2% and 8% respectively compared with last year. During the year, other ferry lines between Guangdong and Hong Kong experienced greater decreases in the passenger number than the lines operated by the Ferry Company, as a result, the share of the volume of ferry passenger trips between Guangdong and Hong Kong as operated by the Ferry Company increased to approximately 41%. On the other hand, the significant increase in the operating costs as a result of soaring fuel price has jeopardised the operating profits of the Ferry Company. In respect of port business, although the general passenger volume was lower than the previous year, Zhuhai Jiuzhou Port Passenger Transport Service Co., Ltd. ("Jiuzhou Port Passenger Transport Company") only recorded a slight decrease in the results of its ticket agency and the pier facilities businesses as compared with last year, under the appropriate cost control measures implemented by the management.

2. Hotel business

During the year, the average occupancy rate of our hotels dropped to approximately 59%, representing a decrease of approximately 3% as compared with last year. This was mainly due to the significant drop in the number of days for "May 1 Golden Holidays", and the Wenchuan earthquake which resulted in cancellation of large scale campaigns. All these factors resulted in a decrease in the number of tourists. The performance of travel agency business operated by our hotels experienced a downturn given the above reasons and the restriction on travelling to Macau imposed by the government of the People's Republic of China (the "PRC") on Mainland residents. However, the operating profits generated from the catering and sale of food business operated by our hotels has sustained steady growth as the volume of business from banquets and government receptions continued to rise.

3. **The New Yuanming Palace and the Fantasy Water World**

During the year, the number of visitors of the New Yuanming Palace was approximately 675,000, representing a decrease of approximately 12% as compared with last year. Such a decrease was mainly due to maintenance work implemented in the New Yuanming Palace and the continuous rainfall in Mainland China, in addition to the snowstorm at the beginning of year and the earthquake in Sichuan in the middle of the year, which resulted in a significant drop in the number of visitors. During the year, the number of visitors of the Fantasy Water World was approximately 316,000, representing an increase of approximately 36% over last year. This was mainly due to the newly launched "Lost City Adventure" item and the gradual opening of winter operation items, coupled with promotional campaigns in cooperation with large corporations, that have opened up more customer sources.

4. **Other**

During the year, the feeble financial markets in Mainland China and Hong Kong, the tightening in credit as well as the lack of investors' confidence have resulted in the continuous downward movement of the stock market, leading to a total net income on gain on disposal of less net fair value losses on securities measured at fair value through profit or loss was only approximately HK$7,066,000 for the year, while the total gain exceeded HK$28,541,000 in last year due to a bullish stock market. On the other hand, as the interest rate decreased continuously, the interest income of the year decreased by approximately HK$2,703,000 as compared to the previous year.

In addition, since the Hong Kong stock market experienced an unforeseen significant decline during the year, the Company made a provision for impairment of approximately HK$23,906,000 for a listed equity investment of an available-for-sale investment acquired in the middle of last year. However, the Group did not invest in any financial derivative products.

Prospects

It is expected that adverse factors of the turmoil in the financial market, the slowdown in the global economy and uncertainties in market prospects will continue in the coming year. The Group will continue to focus on consolidating and enhancing its existing businesses, strengthening cost control and risk management, and exploring new business and customer sources actively.

Management Discussion and Analysis

As to the marine passenger transportation and port business sector, Jiuzhou Port Passenger Transport Company has commenced the improvement project of the Jiuzhou Port Pier Passenger Transport Building in full speed. The improvement and renovation works are anticipated to complete this year, which will subsequently increase the tourists' spending amounts in the Passenger Transport Building and enhance the competitiveness of the port. Building on the geographical advantages of the Jiuzhou Port and the management strengths of the Ferry Company, the Company will look for external cooperation and internal expansion to aggressively explore the marine passenger transport market for the lines between Guangdong, Hong Kong and Macau to construct a "marine triangle transport circle" between Hong Kong, Jiuzhou Port and Macau. Meanwhile, by strengthening the exploration efforts in linking up the sea and land transports, Jiuzhou Port will become one of the transportation and tourism hubs in the western 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.

On 27 August 2008, the Company entered into a letter of intent (as amended and supplemented by a supplementary letter of intent which was issued on 10 September 2008) (the "Letter of Intent") with an individual (the "Possible Vendor") who was 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.

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 Possible Vendor has agreed to grant an exclusive right of negotiation to the Company from the date of the Letter of Intent to its expiry. The payment of earnest money was secured by, among others, certain pledge given by the Possible Vendor over certain shares of the Target Company.

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).

Management Discussion and Analysis

The Company is still in the process of final due diligence on the legal, financial, accounting and business aspects of the Target Company and negotiating the sale and purchase terms with the Possible Vendor. The parties have not entered into any formal agreement as at the date of the approval of these financial statements.

On 29 December 2006, the Group entered into a conditional sale and purchase agreement ("Land Agreement") with the Zhuhai Guoyuan Investment Company Limited ("Zhuhai Guoyuan") for the acquisition of several parcels of land leased to the Group where certain building structures of the Hotel Business were erected ("Hotel Land") for an aggregate cash consideration of RMB90,900,000 (equivalent to approximately HK$103,100,000). A refundable deposit of RMB78,000,000 (equivalent to approximately HK$88,400,000) has been paid to Zhuhai Guoyuan by the Group.

Pursuant to the Land Agreement, the acquisition of the Hotel Land is conditional upon the completion of a debt restructuring agreement. In case the aforesaid land acquisition is not completed on 16 April 2008 or any such later dates agreed by the parties, the Group has the right to terminate the transaction and demand Zhuhai Guoyuan to return all the deposits, together with the interests calculated at the prevailing PRC bank borrowing rates from 29 December 2006.

The Group entered into three extension agreements with Zhuhai Guoyuan on 18 March 2008, 10 October 2008 and 2 April 2009 respectively to extend the long stop date of the Land Agreement from 16 April 2008 to 16 October 2008, 16 April 2009 and 16 October 2009 respectively. This was mainly because more time was required to obtain an order from the court of Macau to permanently stay the winding-up order or approve the debt restructuring or settlement of Zhu Kuan Group Company Limited ("Zhu Kuan Macau") (being a condition precedent to the completion of the Land Agreement).

As disclosed in the 2007 annual report of the Company and pursuant to the announcement dated 30 April 2008, on 5 August 2006, (1) the Debt Restructuring Agreement was made between, among other parties, Zhu Kuan Group Company Limited ("Zhu Kuan Macau"), Zhu Kuan (Hong Kong) Company Limited ("Zhu Kuan HK"), the liquidators and Zhuhai Guoyuan Investment Company Limited; and (2) the Settlement Agreement was made between, among other parties, Zhu Kuan Macau, Pioneer Investment Ventures Limited, Longway Services Group Limited and the liquidators. The Debt Restructuring Agreement shall be completed within 18 months from the date of the execution of the agreement (i.e. shall be completed on or before 16 April 2008), while the Settlement Agreement was conditional on the completion of the Debt Restructuring Agreement.

The Debt Restructuring Proposal has been progressing steadily in accordance with the Debt Restructuring Agreement. In November 2007, the High Court of Hong Kong granted a permanent stay on the proceedings of liquidations on the Zhu Kuan Macau and Zhu Kuan HK (Please refer to the announcement of the Company of 7 November 2007 for details).

As recently acknowledged by the Company, as more time was required to fulfill the condition precedents of the Debt Restructuring Agreement, the parties have agreed to further extend the long stop date of the Debt Restructuring Agreement to 30 April 2009.

Management Discussion and Analysis

Liquidity and Financial Resources

The Group generally finances its operations with internally generated cashflow and banking facilities provided by its principal bankers in Mainland China (the "PRC"). As at 31 December 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 31 December 2008 amounted to approximately HK$477.2 million (31 December 2007: HK$345.1 million), of which approximately HK$450.6 million (31 December 2007: HK$300.2 million) were denominated in Renminbi ("RMB") and the remaining were all in Hong Kong dollars. In addition, the Group held short term investments in financial instruments of approximately HK$3.7 million as at 31 December 2008 (31 December 2007: HK$128 million), of which approximately HK$0.2 million (31 December 2007: HK$116.9 million) were denominated in RMB. The short term financial instruments comprised mainly investment in certain short term investment funds in the PRC and some listed securities in Hong Kong with a view to enhance the Group's return on the surplus working capital. Since the Group has no outstanding banking borrowings as at 31 December 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 31 December 2008 and 31 December 2007 respectively was zero.

Number and Remuneration of Employees

At the year end, the Group had approximately 1,548 employees. Remuneration of employees is determined and reviewed annually with reference to the market standard, individual performance and working experience, and certain staff is entitled to commission and share options. In addition to the basic salaries, the Group also provides, depending on the results of the Group and individual performance, staff benefits including discretionary bonus, contributory provident fund or mandatory provident fund, and professional tuition/training subsidies in order to retain quality employees.

Contingent Liabilities

As at 31 December 2008, the Group had no significant contingent liabilities.

Future Plans for Material Investments or Capital Assets

As at 31 December 2008, the Group had no future plans for material investments or capital assets, saved for those disclosed under the heading "Management Discussion and Analysis — Prospects".

Management Discussion and Analysis

Foreign Exchange Exposure

Most of the businesses of the Group are operated in the PRC, and the principal revenues and costs were denominated in RMB 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 RMB, the management considers that no significant exposure to foreign exchange exists.

Capital Structure

As at 31 December 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$1,267 million.

Material Investments Held, Significant Acquisitions and Disposals

During the year, there was no material acquisition or disposal of investment, subsidiary or associated company, saved for those disclosed under the heading "Management Discussion and Analysis — Prospects".

AUTUMN






Directors and Senior Management

Executive Directors

Mr. Zhu Lifu, aged 49, is the Chairman of the Board of Directors of the Company. He was a postgraduate and has worked as an economist. Mr. Zhu is now the Chairman and General Manager of Zhuhai Jiuzhou Port Group Corporation ("ZJPGC"), a substantial shareholder of the Company. He had worked for the Head of Finance Department under the Ministry of Foreign Affairs, Zhuhai branch of People's Bank of China, 珠光企業集團財務有限公司 and Zhuhai City Commercial Bank. He had been the Managing Director of 珠光企業集團財務有限公司, the Acting President and the Chairman of Zhuhai City Commercial Bank. Since May 2001, he has been the Chairman and General Manager of ZJPGC. He joined the Company and was appointed as executive director of the Company in October 2003. Since February 2004, he was appointed as the Chairman of the Board of Directors of the Company. Mr. Zhu was a postgraduate in Finance in Zhongnan University of Economics and Law. He has over twenty years' experience in finance, financial and enterprise management.

Mr. Gu Zengcai, aged 46, is the Deputy Chairman of the Board of Directors of the Company. Mr. Gu is also currently the deputy general manager of ZJPGC and the Chairman of Zhuhai Holiday Resort Hotel Co., Ltd.. He has worked in the Printing and Dyeing Mill of Yanchen, Jiangsu, Zhuhai Fuhua Group Company Limited, Huayin City Credit Union and Zhuhai City Commercial Bank as financial division head and office director of audit department. He has also been the Deputy General Office Director of Huayin City Credit Union. He had worked for Zhuhai City Commercial Bank in the capacities of president of the branch, assistant to the president of the main office, general manager of the Capital Planning Department of the main office and of the financial accounting department, the Officer Director of the policy research centre, the general manager of the credit department and had been the chief accountant of ZJPGC. He joined the Company and was appointed as an executive director of the Company in October 2003. On 24 August 2006, he was appointed as the Deputy Chairman of the Board of Directors of the Company. Mr. Gu is qualified as a Registered Accountant, Accountant and Auditor in the PRC. He has over twenty years' experience in financial management, auditing, enterprise management and finance.

Directors and Senior Management

Executive Directors *(continued)*

Mr. Huang Xin, aged 43, has been appointed as an executive director and Chief Executive Officer of the Company in July 2006. Mr Huang is recently appointed as the deputy general manager of ZJPGC as well in April 2008. He holds a doctorate degree and obtained a title of senior economist from the Ministry of Finance of the PRC and was invited as visiting professor and researcher of a number of universities. Mr. Huang previously worked with Ministry of Finance, China Trust and Investment Corporation for Economic Development, China Cinda Asset Management Corporation and Beijing Enterprises Holdings Limited. He served as secretary to general manager, secretary to the board of directors, general manager of securities business department, deputy general manager of Beijing Enterprises Holdings High-tech Development Co. Ltd., executive director and general manager of Winghap (Macau) Company Limited, executive director and general manager of East Sea International (Macau) Company Limited, deputy chairman and general manager of Zhuhai Heng Fok Machinery & Electric Industrial Company Limited. He has over twenty years of experience in trust, insurance, securities, investment banking, financial management, corporate management and venture investment.

Mr. Jin Tao, aged 46, was appointed as an executive director of the Company in September 2002. He holds a master degree and is qualified as a Senior Engineer. Mr. Jin is also currently the deputy general manager of ZJPGC, Chairman of the New Yuanming Palace Tourist Co., Ltd of Zhuhai S.E.Z. and 珠海水上娛樂有限公司; and the expert and committee member of Zhuhai Municipal City Planning Committee and an expert of Zhuhai Municipal Tourist Development Committee. Mr. Jin had worked in 黎陽機械公司 under the Ministry of Aviation of the PRC, the Electro-mechanical General Factory of Zhuhai and Gongbei Industry General Co. of Zhuhai S.E.Z.. Since November 1999, Mr. Jin has joined ZJPGC, worked in Zhuhai High-Speed Passenger Ferry Co., Ltd. in the capacity of deputy manager of the Technology Department; the Secretary of the Board of Directors, the Manager of the Operation Development Department and the Chief Engineer of ZJPGC. Mr. Jin has over twenty years' experience in enterprise management, shipping management and maintenance, and technological development.

Mr. Wu Hanqiu, aged 60, was appointed as an executive director of the Company in September 2002. He had worked in Zhuhai Overseas Chinese Travel Service and Zhuhai Sugar Cigarette Wine Company. Since July 1991, He has worked in Zhuhai Holiday Resort Co., Ltd. and Zhuhai Holiday Resort Hotel Co., Ltd. in the capacities of manager of the finance department, assistant general manager, deputy general manager, Deputy Chairman and General Manager. From April 2005 to April 2006, Mr. Wu was the Deputy Chairman and General Manager of the New Yuanming Palace Tourist Co., Ltd. of Zhuhai S.E.Z.. Mr. Wu has over twenty years' experience in enterprise operation, finance management and hotel management.

Directors and Senior Management

Non-Executive Director and Independent Non-Executive Directors

Mr. Liang Han, aged 76, is a non-executive director and a member of the Audit Committee and the Remuneration Committee of the Company. Mr. Liang has worked in the County of Nan Hai's Supplies Commune, Materials Bureau, Commerce Bureau, Planning Committee and the County Government. He was the Deputy General Manager of Hong Kong Economic and Trade International (Group) Co., Ltd., during 1988-1991. During 1991-1993, he was the Deputy General Manager of Zhuhai International Company Limited, the General Manager of China Point Finance Ltd. and China Point Bullion Ltd., Deputy Chairman of Hong Kong Ling Ding Ocean Traffic Investment Limited. He has also been the Deputy Chairman of Zhu Kuan (Hong Kong) Company Limited since 1992 but retired from his office in July 1999. Mr. Liang has extensive experience in administrative management, enterprise management and investment management.

Mr. Hui Chiu Chung, Stephen J.P., aged 61, joined the Company as an independent non-executive director in April 1998. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee of the Company. Mr. Hui is currently the Chief Executive Officer of OSK Asia Holdings Limited. He has 38 years of experience in the securities and investment industry. Mr. Hui had for years been serving as Council Member and Vice Chairman of The Stock Exchange of Hong Kong, member of the Advisory Committee of the Hong Kong Securities and Futures Commission, an appointed member of the Securities and Futures Appeals Tribunal and was also a director of the Hong Kong Securities Clearing Company Limited. Mr. Hui was appointed by the Government of the Hong Kong Special Administrative Region (the "HKSAR") a Justice of the Peace in 2004 and was also appointed a member of the Zhuhai Municipal Committee of the Chinese People's Political Consultative Conference in 2006. He is at present a member of the Listing Committee of the Hong Kong Exchange & Clearing Company Limited, and a member of the Committee on Real Estate Investment Trusts of the Hong Kong Securities and Futures Commission. Mr. Hui is also a member of the Standing Committee on Company Law Reform, an appointed member of the Hong Kong Institute of Certified Public Accountants Investigation Panel A. Mr. Hui also serves as independent non-executive director of Luk Fook Holdings (International) Limited (Stock Code: 590), Lifestyle International Holdings Limited (Stock Code: 1212), Chun Wo Development Holdings Limited (Stock Code: 711) and Frasers Property (China) Limited (Stock Code: 535) whose shares are listed on The Stock Exchange of Hong Kong Limited.

Directors and Senior Management

Non-Executive Director and Independent Non-Executive Directors *(continued)*

Mr. Chu Yu Lin, David, SBS, J.P., aged 65, joined the Company as an independent non-executive director in April 1998. He is also a member of the Audit Committee and the Remuneration Committee of the Company. Mr. Chu received his Master of Business Administration degree from Harvard University after degrees in electrical engineering and management at Northeastern University and was awarded an honorary Doctor of Public Service degree from Northeastern University. Prior to joining the Group, he had worked in a number of sizeable international corporations such as General Electric Co., Chi Wo Properties Limited and Gammon Properties Limited, Gammon (Hong Kong) Limited and Jardine Matheson & Company Limited. Mr. Chu is a Justice of the Peace of the HKSAR. He is also an independent non-executive director of Chuang's China Investments Limited (Stock Code: 298) and CATIC International Holdings Limited (Stock Code: 232) whose shares are listed on The Stock Exchange of Hong Kong Limited.

Mr. Albert Ho, aged 51, was appointed as an independent non-executive director of the Company in September 2004. He is also the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company. Mr. Ho graduated from the Macquarie University, Sydney, Australia with a Bachelor of Economics degree in 1985 and obtained his Master of Business Administration degree from the University of Hong Kong in 1991. He is a Certified Public Accountant and fellow member of the Association of Chartered Certified Accountants. He has extensive experience in financial and corporate management. Mr. Albert Ho is also an independent non-executive director of Yu Ming Investments Limited (Stock Code: 666), a listed company in Hong Kong.

Senior Management

Ms. Fan Ning, aged 40, is the Deputy General Manager of the Company. She holds a master degree and has worked as an economist. Ms. Fan obtained her Master of Business Administration degree from the Opening University of Hong Kong. Ms. Fan had worked in the Zhuhai branch of Industrial and Commercial Bank of China and ZJPGC in the capacities of department head, deputy manager and manager of International Business Department, Operation Department and Development and Planning Department, and was involved in the fields of international settlements, credit business, project development, and sales and marketing. Ms. Fan joined the Company in April 2006 and has over ten years' experience in finance investment, project development and corporate management.

Mr. Lu Tong, aged 41, is the Assistant General Manager of the Company. He holds a master degree. Mr. Lu had worked in many enterprises under the Zhu Kuan Group in the capacities of assistant manager, deputy manager and manager, and was involved in various fields including company legal affairs, project finance and investment management etc.. He joined the Company in May 1998. Mr. Lu received his Bachelor of Laws degree from Shenzhen University and is a qualified lawyer in the PRC. He was a postgraduate in Finance in the University of International Business and Economics and received his Master of Business Administration degree from the Royal Roads University subsequently. He has over ten years' experience in company law, finance investment, project finance and corporate management.

Senior Management *(continued)*

Mr. Poon Yu Keung, aged 44, is the financial controller and company secretary of the Company. He holds a master degree. Mr. Poon had worked in Zhu Kuan (Hong Kong) Company Limited as financial controller. Prior to joining Zhu Kuan (Hong Kong) Company Limited, he had worked in an international public accounting firm and had assumed the accounting and financial management positions in a number of China affiliated and multinational companies. He joined the Company as financial controller and company secretary in April 1998. Mr. Poon graduated from The Hong Kong Polytechnic with a professional diploma in accountancy and obtained his Executive MBA degree from The Chinese University of Hong Kong in 2004. He is a fellow member of the Association of Chartered Certified Accountants in England and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Mr. Poon has nearly twenty years' experience in auditing, accounting and finance.

Save as disclosed above, the directors or senior management of the Company do not have any relationships with any other director or senior management.

WINTER

Report of the Directors

The directors of the Company present their report and the audited financial statements of the Company and of the Group for the year ended 31 December 2008.

Principal activities

The principal activity of the Company is investment holding. The principal activities of the Group consist of investment holding, the management of a holiday resort, a theme park and an amusement park, and the provision of port facilities and ticketing services in Zhuhai, the People's Republic of China excluding Hong Kong and Macau (the "PRC"). The principal activities of the principal subsidiaries are set out in note 17 to the financial statements.

There were no significant changes in the nature of the Company's and of the Group's principal activities during the year.

Results and dividends

The Group's profit for the year ended 31 December 2008 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 43 to 127.

The directors of the Company do not recommend the payment of any dividend in respect of the year ended 31 December 2008.

Summary financial information

A summary of the results and assets, liabilities and minority interests of the Group for the past two years ended 30 April 2006, the eight months ended 31 December 2006 and the years ended 31 December 2007 and 2008, as extracted from the published audited financial statements is set out on page 128. This summary does not form part of the audited financial statements.

Property, plant and equipment

Details of movements in the property, plant and equipment of the Company and of the Group during the year are set out in note 12 to the financial statements.

Report of the Directors

Rights to use port facilities

Details of movements in the rights to use port facilities of the Group during the year are set out in note 14 to the financial statements.

Share capital

There were no movements in either the Company's authorised or issued share capital during the year.

Pre-emptive rights

There are no provisions for pre-emptive rights under the Company's bye-laws or the Bermuda Companies Act 1981 which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Purchase, redemption or sale 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 year.

Reserves

Details of movements in the reserves of the Company and of the Group during the year are set out in note 32(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

Distributable reserves

At 31 December 2008, the Company's reserves available for distribution, calculated in accordance with the Bermuda Companies Act 1981, amounted to HK$3,250,000. In addition, the Company's contributed surplus, amounting to HK$628,440,000 as at 31 December 2008, is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus if (i) it is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the net realisable value of its assets would thereby be less than the aggregate of its liabilities and its share capital and share premium account. The Company's share premium account with a balance of HK$459,870,000 as at 31 December 2008 is distributable in the form of fully-paid bonus shares.

Major customers and suppliers

During the year, the percentages of sales and purchases attributable to the Group's major customers and suppliers were as follows:

(i) The aggregate amount of revenue generated from the Group's five largest customers accounted for less than 30% of the Group's total revenue for the year; and

(ii) The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for less than 30% of the Group's total purchases for the year.

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

Directors

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Mr. Zhu Lifu *(Chairman)*
Mr. Gu Zengcai *(Deputy Chairman)*
Mr. Huang Xin *(Chief Executive Officer)*
Mr. Jin Tao
Mr. Yu Huaguo (resigned on 3 September 2008)
Mr. Wu Hanqiu

Non-executive directors:

Mr. Liang Han
Mr. Hui Chiu Chung, Stephen*
Mr. Chu Yu Lin, David*
Mr. Albert Ho*

* *Independent non-executive directors*

Directors *(Continued)*

The directors of the Company, including the executive directors, a non-executive director and independent non-executive directors, are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the provisions of the Company's bye-laws.

In accordance with bye-law 111(A) of the Company's bye-laws, Mr. Zhu Lifu, Mr. Huang Xin and Mr. Chu Yu Lin, David will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company considers that all the independent non-executive directors are independent.

Directors' service contracts

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' remuneration

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to the directors' duties, responsibilities and performance and the results of the Group.

Directors' interests in contracts

No director had a material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

Directors' interests and short positions in shares and underlying shares

As at 31 December 2008, the interests and short positions of the directors of the Company in shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), that was required to be recorded by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in 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. 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
	9,802,000

Save as disclosed above, as at 31 December 2008, none of the directors of the Company had registered any interests and short positions in the shares and underlying shares of the Company or any of its associated corporations that were 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.

Directors' rights to acquire shares or debentures

At no time during the year 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 spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Substantial shareholders' and other persons' interests in shares and underlying shares

At 31 December 2008, the following interests of 5% or more of the issued ordinary shares 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 in ordinary shares of the Company:

Name	Number of ordinary shares directly and beneficially held	Percentage of the Company's issued ordinary shares
Zhuhai Jiuzhou Port Group Corporation	235,200,000	21.0%
Pioneer Investment Ventures Limited*	337,000,000	30.1%

* 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 30.1% issued ordinary shares in the Company) held by Pioneer Investment Ventures Limited have been charged in favour of Longway Services Group Limited, a wholly-owned subsidiary of Zhuhai Jiuzhou Port Group Corporation (see also note 2.1 to the financial statements for further details).

Save as disclosed above, as at 31 December 2008, no person, other than the directors of the Company whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company as recorded pursuant to Section 336 of the SFO.

Continuing Connected transactions

During the year, the Group entered into certain continuing connected transactions as defined under the Listing Rules, as detailed in note 37 to the financial statements. In the opinion of the Company's board of directors, including the independent non-executive directors, these connected transactions were:

(a) conducted in the ordinary and usual course of business of the Group;

(b) conducted on normal commercial terms and on an arm's length basis;

(c) conducted on terms no less favourable than those available to/from independent third parties; and

(d) conducted in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Group as a whole.

Sufficiency of public float

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

Post balance sheet event

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

Auditors

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Zhu Lifu
Chairman

Hong Kong
17 April 2009

Corporate Governance Report

The board of directors ("Board") of the Company is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 December 2008.

The manner in which the principles and code provisions in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Listing Rules are applied and implemented are explained as follows:

Corporate Governance Practices

The Group strives to attain and maintain high standards of corporate governance to enhance shareholder value and safeguard shareholder interests. The Group's corporate governance principles emphasise a quality Board, effective internal control and accountability to shareholders.

The Company recognises the importance of high standards of corporate governance to sustain healthy growth and has taken a proactive approach in strengthening corporate governance practices in accordance with the needs of its business.

The Company has applied the principles as set out in the CG Code contained in Appendix 14 of the Listing Rules.

The CG Code contained in Appendix 14 of the Listing Rules sets out the principles of good corporate governance and two levels of corporate governance practices:

(a) code provisions which listed issuers are expected to comply with or to give considered reasons for any deviation; and

(b) recommended best practices for guidance only, which listed issuers are encouraged to comply with or give considered reasons for deviation.

The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the CG Code.

Apart from the fact that the Company's non-executive directors have no fixed term of office but are subject to retirement in accordance with the Company's Bye-Laws, the Company has complied with the code provisions in the CG Code in all other aspects throughout the year under review.

Corporate Governance Practices *(Continued)*

The Company has also put in place certain recommended best practices as set out in the CG Code.

The Company will review periodically and improve its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

Board of Directors

Responsibilities

The overall management of the Company's business is vested in the Board, which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All directors should take decisions objectively in the interests of the Company. The senior management was delegated the authority and responsibilities by the Board for the day-to-day management and operations of the Group. In addition, the Board has also established Board committees and has delegated to these Board committees various responsibilities set out in their terms of reference respectively.

Every director shall ensure that he carries out his duty in good faith and in compliance with the standards of applicable laws and regulations, and acts in the interests of the Company ad its shareholders at all times.

Board composition

Membership of the Board is currently made up of 9 members in total, with 5 executive directors, 1 non-executive director and 3 independent non-executive directors.

The Company has met the recommended best practice under the CG Code for the Board to have at least one-third of its members comprising independent non-executive directors.

Board of Directors *(Continued)*

Board composition *(Continued)*

The Board of the Company comprises the following directors:

Executive directors:

Mr. Zhu Lifu	*(Chairman)*
Mr. Gu Zengcai	*(Deputy Chairman)*
Mr. Huang Xin	*(Chief Executive Officer)*
Mr. Jin Tao	
Mr. Wu Hanqiu	
Mr. Yu Huaguo	*(resigned on 3 September 2008)*

Non-executive director:

Mr. Liang Han

Independent non-executive directors:

Mr. Hui Chiu Chung, Stephen
Mr. Chu Yu Lin, David
Mr. Albert Ho

The list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

The relationships among the members of the Board are disclosed under "Directors and Senior Management" on pages 13 to 17.

During the year ended 31 December 2008, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

Board of Directors *(Continued)*

Board composition *(Continued)*

The Company has received written annual confirmation from each independent non-executive director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

All directors, including non-executive director and independent non-executive directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive directors are invited to serve on the Audit and Remuneration Committees of the Company.

Chairman and Chief Executive Officer

The roles and duties of the Chairman and the Chief Executive Officer of the Company are carried out by different individuals and have been clearly defined in writing.

The Chairman of the Board is Mr. Zhu Lifu, and the Chief Executive Officer is Mr. Huang Xin. The positions of the Chairman and Chief Executive Officer are held by separate persons in order to preserve independence and a balanced judgement of views.

With the support of the Company Secretary and the senior management, the Chairman is responsible for ensuring that the directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings, and that all key and appropriate issues are discussed by the Board in a timely manner. The Chief Executive Officer focuses on implementing objectives, policies and strategies approved and delegated by the Board. He is in charge of the Company's day-to-day management and operations. The Chief Executive Officer is also responsible for developing strategic plans and formulating the organisational structure, control systems and internal procedures and processes for the Board's approval.

Appointment/re-election and removal of directors

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The Company has deviated from this provision in that the Company's non-executive directors are not appointed for a specific term.

Board of Directors *(Continued)*

Appointment/re-election and removal of directors *(Continued)*

Although the non-executive directors are not appointed for a specific term, all directors of the Company are subject to retirement by rotation once every three years and re-election at the annual general meeting 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 which were amended by a special resolution at the annual general meeting held on 28 October 2005 for the purpose of compliance with the CG Code.

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's Bye-laws. The Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment of directors and assessing the independence of independent non-executive directors.

The Board reviewed its own structure, size and composition regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. Where vacancies on the Board exist, the Board will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations. An external recruitment agency may be engaged to carry out the recruitment and selection process when necessary.

In addition, Mr. Zhu Lifu, Mr. Huang Xin and Mr. Chu Yu Lin, David shall retire by rotation and being eligible, offer themselves for re-election at the next forthcoming annual general meeting.

The Board recommended the re-appointment of the directors standing for re-election at the next forthcoming annual general meeting of the Company.

The Company will issue a circular containing detailed information of the directors standing for re-election.

Training and continuing development for directors

Each newly appointed director receives comprehensive, formal and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

Board of Directors *(Continued)*

Training and continuing development for directors *(Continued)*

The directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Continuing briefings and professional development to directors will be arranged whenever necessary.

Board meetings

Board practices and conduct of meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to directors in advance.

Notices of regular Board meetings are served to all directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all directors at least 3 days before each Board meeting or committee meeting to keep the directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management whenever necessary.

The senior management, Chief Executive Officer and Company Secretary attend all regular Board meetings and when necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company.

The Company Secretary is responsible to take and keep minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to directors for comment within a reasonable time after each meeting and the final version is open for directors' inspection.

The Company's Bye-laws contains provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest. According to current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting.

Board of Directors *(Continued)*

Board meetings *(Continued)*

Directors' attendance records

During the year ended 31 December 2008, four regular Board meetings were held at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

The attendance records of each director at the Board meetings during the year ended 31 December 2008 are set out below:

Name of Directors	Attendance/ Number of Meetings
Executive Directors	
Mr. Zhu Lifu *(Chairman)*	9/11
Mr. Gu Zengcai *(Deputy Chairman)*	10/11
Mr. Huang Xin *(Chief Executive Officer)*	11/11
Mr. Jin Tao	9/11
Mr. Wu Hanqiu	8/11
Mr. Yu Huaguo (resigned on 3 September 2008)	4/6
Non-executive Director	
Mr. Liang Han	8/11
Independent Non-executive Directors	
Mr. Hui Chiu Chung, Stephen	10/11
Mr. Chu Yu Lin, David	10/11
Mr. Albert Ho	10/11

Board of Directors *(Continued)*

Model code for securities transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2008.

The Company also has established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company during the year ended 31 December 2008.

Delegation of Management Functions

The Board reserves for its decisions all major matters of the Company, including: the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The Board has delegated a schedule of responsibilities to the senior management of the Company. These responsibilities include the implementation of decisions of the Board, the co-ordination and direction of day-to-day operation and management of the Company in accordance with the management strategies and plans approved by the Board, formulating and monitoring the production and operating plans and budgets, and supervising and monitoring the control systems.

Delegation of Management Functions *(Continued)*

The Board has established two committees, namely, the Remuneration Committee and Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference which are posted on the Company's website and are available to shareholders upon request.

The Board also has the full support of the Chief Executive Officer and the senior management to discharge its responsibilities.

Remuneration of Directors and Senior Management

The Company has established a formal and transparent procedure for formulating policies on remuneration and senior management of the Group. Details of the remuneration of each of the directors of the Company for the year ended 31 December 2008 are set out in note 7 to the financial statements.

Remuneration committee

The Remuneration Committee comprises 5 members, namely Mr. Hui Chiu Chung, Stephen (Chairman), Mr. Chu Yu Lin, David, Mr. Albert Ho, Mr. Liang Han and Mr. Gu Zengcai, the majority of them are independent non-executive directors.

The primary objectives of the Remuneration Committee include:

- To make recommendations on the establishment of procedures for developing remuneration policy and structure of the executive directors and the senior management, such policy shall ensure that no director or any of his/her associates will participate in deciding his/her own remuneration;

- To make recommendations on the remuneration packages of the executive directors and the senior management;

- To review and approve the remuneration packages of the executive directors and the senior management by reference to the performance of the individual and the Company as well as market practice and conditions; and

- To review and approve the compensation arrangements for the executive directors and the senior management.

Remuneration of Directors and Senior Management *(Continued)*

Remuneration committee *(Continued)*

The Human Resources Department is responsible for collection and administration of the human resources data and making recommendations to the Remuneration Committee for consideration. The Remuneration Committee shall consult the Chairman and/or the Chief Executive Officer of the Company about these recommendations on remuneration policy and structure and remuneration packages.

The Remuneration Committee has reviewed the remuneration policy and structure of the Company, and the remuneration packages of the executive directors and the senior management for the year under review.

The Remuneration Committee held two meetings during the year ended 31 December 2008 and the attendance records are set out below:

Name of Directors	Attendance/ Number of Meetings
Independent Non-executive Directors	
Mr. Hui Chiu Chung, Stephen *(Chairman)*	2/2
Mr. Chu Yu Lin, David	2/2
Mr. Albert Ho	2/2
Non-executive Director	
Mr. Liang Han	
	2/2
Executive Director	
Mr. Gu Zengcai	2/2

Accountability and Audit

Directors' responsibilities for financial reporting

The directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2008.

Accountability and Audit *(Continued)*

Directors' responsibilities for financial reporting *(Continued)*

The directors are responsible for overseeing the preparation of financial statements of the Company with a view to ensuring that such financial statements give a true and fair view of the state of affairs of the Group and that relevant statutory requirements and applicable accounting standards are complied with.

The Board received from the senior management the management accounts, explanation and relevant information which enable the Board to make an informed assessment for approving the financial statements.

Internal controls

During the year under review, the Board has conducted a review of the effectiveness of the internal control system of the Company.

The Board is responsible for maintaining an adequate internal control system to safeguard shareholder investments and Company assets and with the support of the Audit Committee, reviewing the effectiveness of such system on an annual basis.

The internal control system of the Group is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group. The senior management shall review and evaluate the control process and monitor any risk factors on a regular basis and report to the Audit Committee on any findings and measures to address the variances and identified risks.

Audit Committee

The Audit Committee comprises 4 non-executive directors, namely Mr. Albert Ho (Chairman), Mr. Hiu Chiu Chung, Stephen, Mr. Chu Yu Lin, David and Mr. Liang Han and the majority of them are independent non-executive directors (including one independent non-executive director who possesses the appropriate professional qualifications or accounting or related financial management expertise). None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

Audit Committee *(Continued)*

The main duties of the Audit Committee include the following:

- To review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant, internal auditor or external auditors before submission to the Board.
- To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors.
- To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

The Audit Committee provides supervision on the internal controls system of the Group and reports to the Board on any material issues and makes recommendations to the Board.

During the year under review, the Audit Committee has reviewed the Group's unaudited interim financial report, annual results and annual report for the year ended 31 December 2008, the financial reporting and compliance procedures, the report from the management on the Company's internal control and risk management review and processes and the re-appointment of the external auditors.

The Audit Committee held two meetings during the year ended 31 December 2008 and the attendance records are set out below:

Name of Directors	Attendance/ Number of Meetings
Independent Non-executive Directors	
Mr. Albert Ho *(Chairman)*	2/2
Mr. Hui Chiu Chung, Stephen	2/2
Mr. Chu Yu Lin, David	2/2
Non-executive Director	
Mr. Liang Han	2/2

External Auditors and Auditors' Remuneration

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditors' Report" on pages 41 to 42.

During the year under review, the remuneration paid to the Company's auditors, Messrs Ernst & Young, is set out below:

Category of services	**Fee paid/ payable** *(HK$)*
Audit service	1,200,000
Non-audit service	
— Interim review	340,000
— Taxation service	25,400
Total	**1,565,400**

Communications with Shareholders and Investors

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognises the importance of transparency and timely disclosure of corporate information which enables shareholders and investors to make the best investment decision.

The general meetings of the Company provide an important channel for exchange of views between the Board and the shareholders. The Chairman of the Board as well as chairmen of the Remuneration Committee and Audit Committee or, in their absence, other members of the respective committees and, where applicable, the independent Board committee, are available to answer questions at the shareholders' meetings.

The Company continues to enhance communications and relationships with its investors. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them abreast of the Company's developments. Enquiries from investors are dealt with in an informative and timely manner.

Communications with Shareholders and Investors *(Continued)*

To promote effective communication, the Company maintains a website at www.0908.hk, where up-to-date information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access. Investors may write directly to the Company at its principal place of business in Hong Kong or via email to 0908hk@0908.hk for any inquiries.

Shareholder Rights

To safeguard the shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors.

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings at which voting is taken on a poll are contained in the Company's Bye-laws. Details of such rights to demand a poll were included in all circulars to shareholders and will be explained during the proceedings of meetings.

Poll results will be posted on the websites of the Company and of the Stock Exchange after the shareholders' meeting.

Independent Auditors' Report

ERNST & YOUNG
安 永

To the shareholders of Jiuzhou Development Company Limited
(Incorporated in Bermuda with limited liability)

We have audited the financial statements of Jiuzhou Development Company Limited set out on pages 43 to 127, which comprise the consolidated and company balance sheets as at 31 December 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

Auditors' responsibility *(Continued)*

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2008 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Without qualifying our opinion, we draw attention to note 2.1 to the financial statements concerning the adoption of the going concern basis on which the financial statements have 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 (the "Chargee") of another substantial shareholder of the Company, 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.

Independent Auditors' Report

Opinion *(Continued)*

The financial statements have 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 by, 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 by, among other parties, the Major Shareholder, the Liquidators and the Provisional Liquidators on 5 August 2006 (the "Debt Restructuring Agreement"). The financial statements do not include any adjustments that may be necessary should the conditions of the Settlement Agreement and the Debt Restructuring Agreement not be fulfilled, and should there be any direct consequence of any decisions that may 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, the Group's ability to continue to operate as a going concern may be affected.

Ernst & Young
Certified Public Accountants

18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong
17 April 2009

Consolidated Income Statement

Year ended 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
REVENUE	5	**324,137**	299,392
Cost of sales		**(256,987)**	(230,023)
Gross profit		**67,150**	69,369
Other income and gains, net	5	**37,691**	58,858
Selling and distribution costs		**(5,787)**	(6,870)
Administrative expenses		**(69,613)**	(60,847)
Other operating expenses, net		**(2,988)**	(5,751)
Impairment of an available-for-sale investment		**(23,906)**	—
Share of profits and losses of a jointly-controlled entity		**23,975**	36,729
PROFIT BEFORE TAX	6	**26,522**	91,488
Tax	8	**(11,740)**	(9,498)
PROFIT FOR THE YEAR		**14,782**	81,990
Attributable to:			
Equity holders of the Company	9	**12,374**	79,405
Minority interests		**2,408**	2,585
		14,782	81,990
PROPOSED DIVIDEND	10	**—**	22,372
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	11		
Basic		**HK1.11 cents**	HK7.12 cents
Diluted		**N/A**	HK7.11 cents

Consolidated Balance Sheet

31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	**424,771**	392,807
Prepaid land lease payments	13	**187,161**	191,524
Rights to use port facilities	14	**20,379**	19,944
Intangible asset	15	**6,247**	5,883
Interest in a jointly-controlled entity	18	**110,393**	120,739
Interest in an associate	19	**—**	—
Available-for-sale investments	20	**6,509**	17,474
Prepayments and deposits	21(a)	**124,732**	88,044
Total non-current assets		**880,192**	836,415
CURRENT ASSETS			
Securities measured at fair value through profit or loss	22	**3,677**	128,024
Inventories	23	**3,206**	2,651
Trade receivables	24	**35,622**	28,852
Prepayments, deposits and other receivables	21(b)	**15,177**	19,621
Due from a jointly-controlled entity	25	**2,929**	476
Cash and cash equivalents	27	**477,175**	345,083
Total current assets		**537,786**	524,707
CURRENT LIABILITIES			
Trade payables	28	**18,192**	19,377
Accrued liabilities and other payables		**85,091**	76,433
Construction payables	29	**5,449**	4,322
Tax payable		**11,788**	15,236
Due to related companies	26	**1,206**	801
Total current liabilities		**121,726**	116,169
NET CURRENT ASSETS		**416,060**	408,538
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,296,252**	1,244,953
NON-CURRENT LIABILITIES			
Deferred tax liabilities	30	**15,069**	12,446
Net assets		**1,281,183**	1,232,507
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital	31	**111,860**	111,860
Reserves	32(a)	**1,155,448**	1,087,475
Proposed dividend	10	**—**	22,372
		1,267,308	1,221,707
Minority interests		**13,875**	10,800
Total equity		**1,281,183**	1,232,507

Zhu Lifu
Director

Gu Zengcai
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2008

	Attributable to ordinary 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 dividend	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*
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
Net revaluation deficit *(note 12)*	–	–	–	–	(9,909)	–	–	–	–	–	(9,909)	–	(9,909)
Exchange realignment	–	–	–	–	–	–	–	44,394	–	–	44,394	667	45,061
Share of reserve movement of a jointly-controlled entity	–	–	–	–	–	–	–	5,737	–	–	5,737	–	5,737
Deferred tax adjustment on revaluation of property, plant and equipment *(note 30)*	–	–	–	–	2,477	–	–	–	–	–	2,477	–	2,477
Total income and expense for the year recognised directly in equity	–	–	–	–	(7,432)	–	–	50,131	–	–	42,699	667	43,366
Impairment of an available-for-sale investment *(note 20)*	–	–	–	–	–	12,900	–	–	–	–	12,900	–	12,900
Profit for the year	–	–	–	–	–	–	–	–	12,374	–	12,374	2,408	14,782
Total income and expense for the year	–	–	–	–	(7,432)	12,900	–	50,131	12,374	–	67,973	3,075	71,048
Final 2007 dividend declared	–	–	–	–	–	–	–	–	–	(22,372)	(22,372)	–	(22,372)
Transfer to statutory reserve funds	–	–	–	–	–	–	2,605	–	(2,605)	–	–	–	–
Share of reserve movement of a jointly-controlled entity	–	–	–	–	–	–	3,534	–	(3,534)	–	–	–	–
At 31 December 2008	111,860	459,870	446,355	(200,573)	30,352	–	92,139	148,554	178,751	–	1,267,308	13,875	1,281,183

* These reserve accounts comprise the consolidated reserves of HK$1,155,448,000 (2007: HK$1,087,475,000) in the consolidated balance sheet.

Consolidated Statement of Changes in Equity *(Continued)*

Year ended 31 December 2008

	Attributable to ordinary equity holders of the Company													
	Issued capital	Share premium account*	Contributed surplus*	Warrant reserve*	Goodwill reserve*	Asset revaluation reserve*	Available-for-sale investment revaluation reserve*	Statutory reserve funds*	Exchange fluctuation reserve*	Retained profits*	Proposed dividend	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$'000*	*HK$'000*
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
Net revaluation surplus *(note 12)*	–	–	–	–	–	10,836	–	–	–	–	–	10,836	–	10,836
Change in fair value of an available-for-sale investment *(note 20)*	–	–	–	–	–	–	(12,900)	–	–	–	–	(12,900)	–	(12,900)
Exchange realignment	–	–	–	–	–	–	–	–	50,321	–	–	50,321	670	50,991
Share of reserve movement of a jointly-controlled entity	–	–	–	–	–	–	–	–	9,650	–	–	9,650	–	9,650
Deferred tax adjustment on revaluation of property, plant and equipment *(note 30)*	–	–	–	–	–	(2,709)	–	–	–	–	–	(2,709)	–	(2,709)
Effect on deferred tax due to change on tax rate *(note 30)*	–	–	–	–	–	(3,895)	–	–	–	–	–	(3,895)	–	(3,895)
Total income and expense for the year recognised directly in equity	–	–	–	–	–	4,232	(12,900)	–	59,971	–	–	51,303	670	51,973
Profit for the year	–	–	–	–	–	–	–	–	–	79,405	–	79,405	2,585	81,990
Total income and expense for the year	–	–	–	–	–	4,232	(12,900)	–	59,971	79,405	–	130,708	3,255	133,963
Final 2006 dividend declared	–	–	–	–	–	–	–	–	–	(196)	(10,990)	(11,186)	–	(11,186)
Proposed final 2007 dividend *(note 10)*	–	–	–	–	–	–	–	–	–	(22,372)	22,372	–	–	–
Warrants exercised *(note 31)*	1,962	8,829	–	–	–	–	–	–	–	–	–	10,791	–	10,791
Share issue expenses *(note 31)*	–	(1,231)	–	–	–	–	–	–	–	–	–	(1,231)	–	(1,231)
Transfer to statutory reserve funds	–	–	–	–	–	–	–	3,006	–	(3,006)	–	–	–	–
Transfer to retained profits	–	–	–	(353)	–	–	–	–	–	353	–	–	–	–
Share of reserve movement of a jointly-controlled entity	–	–	–	–	–	–	–	7,225	–	(7,225)	–	–	–	–
At 31 December 2007	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

Consolidated Cash Flow Statement

Year ended 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**26,522**	91,488
Adjustments for:			
Share of profits and losses of a jointly-controlled entity		**(23,975)**	(36,729)
Interest income	5	**(2,971)**	(5,674)
Dividend income from listed equity investments	5	**(798)**	(583)
Depreciation	6	**32,770**	31,203
Amortisation of prepaid land lease payments	6	**7,298**	7,166
Amortisation of rights to use port facilities	6	**791**	654
Loss on disposal and write-off of items of property, plant and equipment	6	**4,414**	103
Net fair value losses/(gains) on securities measured at fair value through profit or loss	5, 6	**7,602**	(4,959)
Impairment of golf club memberships	6	**—**	2,565
Impairment of trade and other receivables, net	6	**22**	2,837
Impairment of an available-for-sale investment	6	**23,906**	—
		75,581	88,071
Decrease/(increase) in securities measured at fair value through profit or loss		**116,745**	(2,548)
Increase in inventories		**(555)**	(528)
Increase in trade receivables		**(6,792)**	(7,514)
Decrease/(increase) in prepayments, deposits and other receivables		**4,444**	(1,064)
Decrease/(increase) in an amount due from a jointly-controlled entity		**(2,453)**	2,983
Increase/(decrease) in trade payables		**(1,185)**	5,974
Increase in accrued liabilities and other payables		**8,658**	12,522
Increase in construction payables		**1,127**	183
Increase/(decrease) in amounts due to related companies		**405**	(15)
Cash generated from operations		**195,975**	98,064
Overseas taxes paid		**(10,088)**	(6,134)
Dividend received from listed equity investments		**798**	583
Net cash inflow from operating activities		**186,685**	92,513

Consolidated Cash Flow Statement *(Continued)*

Year ended 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**2,971**	5,674
Dividend received from a jointly-controlled entity		**40,058**	5,736
Purchases of items of property, plant and equipment		**(54,333)**	(19,935)
Acquisition of an available-for-sale investment		**—**	(29,706)
Proceeds from disposal of items of property, plant and equipment		**128**	314
Decrease/(increase) in non-current prepayments and deposits		**(36,688)**	66,708
Decrease in time deposits with original maturity over three months when acquired		**—**	9,927
Net cash inflow/(outflow) from investing activities		**(47,864)**	38,718
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	31	**—**	10,791
Shares issue expenses	31	**—**	(1,231)
Dividend paid		**(22,372)**	(11,186)
Net cash outflow from financing activities		**(22,372)**	(1,626)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**116,449**	129,605
Cash and cash equivalents at beginning of year		**345,083**	198,465
Effect of foreign exchange rate changes, net		**15,643**	17,013
CASH AND CASH EQUIVALENTS AT END OF YEAR		**477,175**	345,083
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	27	**460,169**	206,061
Time deposits with original maturity within three months when acquired	27	**17,006**	139,022
		477,175	345,083

Balance Sheet

31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*12*	**795**	1,034
Interests in subsidiaries	*17*	**1,037,010**	1,045,488
Available-for-sale investment	*20*	**5,800**	16,806
Prepayment and deposit	*21(a)*	**31,556**	—
Total non-current assets		**1,075,161**	1,063,328
CURRENT ASSETS			
Securities measured at fair value through profit or loss	*22*	**3,483**	11,085
Prepayments, deposits and other receivables	*21(b)*	**1,965**	2,120
Cash and cash equivalents	*27*	**131,220**	143,862
Total current assets		**136,668**	157,067
CURRENT LIABILITIES			
Accrued liabilities and other payables		**8,409**	8,262
NET CURRENT ASSETS		**128,259**	148,805
Net assets		**1,203,420**	1,212,133
EQUITY			
Issued capital	*31*	**111,860**	111,860
Reserves	*32(b)*	**1,091,560**	1,077,901
Proposed dividend	*10*	**—**	22,372
Total equity		**1,203,420**	1,212,133

Zhu Lifu
Director

Gu Zengcai
Director

1. Corporate Information

Jiuzhou Development Company Limited is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at Units 3709-10, 37th Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong.

During the year, the Group was engaged in the following principal activities:

- investment holding
- management of a holiday resort
- management of a theme park
- management of an amusement park
- provision of port facilities and ticketing services

2.1 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.

2.1 Corporate Information and Basis of Presentation *(Continued)*

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 proceedings will be set aside. 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.

As mentioned in 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. Steps have been taken to stay the proceedings on liquidation of Zhu Kuan Macau. However, no major progress was noted from the Macau Court on such proceedings of liquidation on Zhu Kuan Macau up to the date of these financial statements.

2.1 Corporate Information and Basis of Presentation *(Continued)*

As at 31 December 2008 and up to the date of these financial statements, 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 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 37 to the financial statements.

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 financial statements of the Group have been prepared based on the assumption that the Group will continue to operate as a going concern.

The directors of the Company believed that the entering into of 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 these financial statements, 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 and Debt Restructuring Agreement are not fulfilled.

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 these financial statements.

2.2 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain buildings and investments, which have been measured at fair value. The financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand, except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2008. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries.

2.3 Impact of New and Revised Hong Kong Financial Reporting Standards

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year's financial statements.

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement* and HKFRS 7 *Financial Instruments: Disclosures — Reclassification of Financial Assets*
HK(IFRIC)-Int 11	*HKFRS 2 — Group and Treasury Share Transactions*
HK(IFRIC)-Int 12	*Service Concession Arrangements*
HK(IFRIC)-Int 14	*HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

The adoption of these new interpretations and amendments has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

2.4 Impact of Issued But Not Yet Effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* [1]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment — Vesting Conditions and Cancellations* [1]
HKFRS 3 (Revised)	*Business Combinations* [3]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Improvement Disclosures about Financial Instruments* [1]
HKFRS 8	*Operating Segments* [1]
HKAS 1 (Revised)	*Presentation of Financial Statements* [1]
HKAS 23 (Revised)	*Borrowing Costs* [1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements* [3]
HKAS 32 and HKAS 1 Amendments	*Amendments to* HKAS 32 *Financial Instruments: Presentation and* HKAS 1 *Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation* [1]
HKAS 39 Amendment	*Amendment to* HKAS 39 *Financial Instruments: Recognition and Measurement — Eligible Hedged Items* [3]
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC) — Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement — Embedded Derivatives* [2]
HK(IFRIC)-Int 13	*Customer Loyalty Programmes* [4]
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* [5]
HK(IFRIC)-Int 17	*Distribution of Non-cash Assets to Owners* [3]
HK(IFRIC)-Int 18	*Transfers of Assets from Customers* [3]

Apart from the above, the HKICPA has also issued *Improvements to HKFRSs** which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. Except for the amendment to HKFRS 5 which is effective for annual periods on or after 1 July 2009, other amendments are effective for annual periods beginning on or after 1 January 2009 although there are separate transitional provisions for each standard.

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods ending on or after 30 June 2009
3 Effective for annual periods beginning on or after 1 July 2009
4 Effective for annual periods beginning on or after 1 July 2008
5 Effective for annual periods beginning on or after 1 October 2008
* Improvements to HKFRSs contains amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.

2.4 Impact of Issued But Not Yet Effective Hong Kong Financial Reporting Standards *(Continued)*

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 7 Amendments, HKFRS 8 and HKAS 1 (Revised) may result in new or amended disclosures, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.5 Summary of Significant Accounting Policies

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) service income, when the relevant services have been provided;

(b) from the sale of tickets, when the tickets have been sold to the customers;

(c) from the sale of food and beverages, when the food and beverages have been provided;

(d) from the sale of goods, when the significant risks and title of the goods have been transferred to the customers, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(e) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset;

(f) rental income, on a time proportion basis over the lease terms;

(g) dividend income, when the shareholder's right to receive payment has been established; and

(h) sales of investments, on the transaction dates when the investments are disposed.

2.5 Summary of Significant Accounting Policies *(Continued)*

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture is treated as:

(a) a subsidiary, if the Group has unilateral control, directly or indirectly, over the joint venture;

(b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

(c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or

(d) an equity investment accounted for in accordance with HKAS 39 *Financial Instruments: Recognition and Measurements,* if the Group holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

2.5 Summary of Significant Accounting Policies *(Continued)*

Jointly-controlled entities

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's interest in a jointly-controlled entity is stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of a jointly-controlled entity is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its jointly-controlled entity are eliminated to the extent of the Group's interest in the jointly-controlled entity, except where unrealised losses provide evidence of an impairment of the asset transferred.

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's interest in an associate is stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of its associate is included in the consolidated income statement and consolidated reserves, respectively.

Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill on acquisitions for which the agreement date is on or after 1 May 2005

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses. In the case of associates and jointly-controlled entities, goodwill is included in the carrying amount thereof, rather than as a separately identified asset on the consolidated balance sheet.

2.5 Summary of Significant Accounting Policies *(Continued)*

Goodwill *(Continued)*

Goodwill on acquisitions for which the agreement date is on or after 1 May 2005 *(Continued)*

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Prior to the adoption of the HKICPA's Statement of Standard Accounting Practice 30 *Business Combinations* ("SSAP 30") in 2001, goodwill arising on acquisition was eliminated against consolidated reserves in the year of acquisition. On the adoption of HKFRS 3 *Business Combinations*, such goodwill remained eliminated against consolidated reserves and is not recognised in the income statement when all or part of the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2.5 Summary of Significant Accounting Policies *(Continued)*

Impairment of non-financial assets *(Continued)*

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly, or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

2.5 Summary of Significant Accounting Policies *(Continued)*

Related parties *(Continued)*

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the income statement. Any subsequent revaluation surplus is credited to the income statement to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each item of property, plant and equipment to its residual value over its estimated useful life as follows:

Medium-term leasehold buildings outside Hong Kong	20 years or over the lease terms, whichever is shorter
Furniture, fixtures, equipment, motor vehicles, plant and machinery and leasehold improvements	5 to 10 years

2.5 Summary of Significant Accounting Policies *(Continued)*

Property, plant and equipment and depreciation *(Continued)*

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents building structures under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Rights to use port facilities

Rights to use port facilities are stated at cost less accumulated amortisation and any impairment losses. Amortisation is provided on the straight-line basis to write off the cost of the rights over the contracted period of 40 years.

The unamortised balance of the rights to use port facilities is assessed for impairment whenever there is an indication that the rights to use port facilities may be impaired and is written off to the extent that the unamortised balance is no longer likely to be recovered.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

2.5 Summary of Significant Accounting Policies *(Continued)*

Leases *(Continued)*

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Intangible assets (other than goodwill)

Intangible assets of the Group represented golf club memberships. The useful lives of golf club memberships are assessed to be indefinite. Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Investments and other financial assets

Financial assets in the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group assesses whether a contract contains an embedded derivative when the Group first becomes a party to it and assesses whether an embedded derivative is required to be separated from the host contract when the analysis shows that the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.5 Summary of Significant Accounting Policies *(Continued)*

Investments and other financial assets *(Continued)*

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in the income statement. The net fair value gain or loss recognised in the income statement does not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" above.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets in listed and unlisted equity securities that are designated as available for sale or are not classified in any of the other two categories. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in the income statement as "Other income" in accordance with the policies set out for "Revenue recognition" above. Losses arising from the impairment of such investments are recognised in the income statement as "Impairment losses on available-for-sale financial assets" and are transferred from the available-for-sale investment revaluation reserve.

2.5 Summary of Significant Accounting Policies *(Continued)*

Investments and other financial assets *(Continued)*

Available-for-sale financial assets *(Continued)*

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statement. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

2.5 Summary of Significant Accounting Policies *(Continued)*

Impairment of financial assets *(Continued)*

Assets carried at amortised cost *(Continued)*

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade and other receivables, an impairment allowance is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor and significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial assets

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. An impairment allowance is made for available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement. In addition, the Group evaluates other factors, such as the share price volatility. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement.

2.5 Summary of Significant Accounting Policies *(Continued)*

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities at amortised cost

Financial liabilities including trade payables, other payables, construction payables, tax payables and amounts due to related companies are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

2.5 Summary of Significant Accounting Policies *(Continued)*

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Inventories

Inventories, which comprise mainly food, beverages and souvenirs for resale purposes, are stated at the lower of cost and net realisable value, after making due allowances for obsolete or slow-moving items. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheets, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

2.5 Summary of Significant Accounting Policies *(Continued)*

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, an associate and interest in a joint venture, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, an associate and interest in a joint venture, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.5 Summary of Significant Accounting Policies *(Continued)*

Income tax *(Continued)*

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Employee benefits

Pension schemes

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

The employees of the Group's subsidiaries which operates in the People's Republic of China excluding Hong Kong and Macau (the "PRC") are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

2.5 Summary of Significant Accounting Policies *(Continued)*

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries, an associate and a jointly-controlled entity are currencies other than Hong Kong dollars. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the balance sheet date and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are included in the exchange fluctuation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately, the Group accounts for them separately. If these portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Otherwise, the property is classified as an owner-occupied property. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Impairment of assets

In determining whether an asset is impaired or whether the event previously causing the impairment no longer exists, the Group has to exercise judgement in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may affect the asset value, or such an event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows, which are estimated based upon the continued use of the assets; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could have a material effect on the net present value used in the impairment test.

3. Significant Accounting Judgements and Estimates *(Continued)*

Judgements *(Continued)*

Impairment of available-for-sale financial assets

The Group classifies certain assets as available-for-sale and recognises movements of their fair values in equity. When the fair value declines, management makes judgement to determine if the decline in value is significant or prolonged and whether there is an impairment that should be recognised in the income statement. During the year ended 31 December 2008, an impairment loss of HK$23,906,000 was recognised for an available-for-sale asset (2007: Nil). The carrying amounts of available-for-sale assets as at 31 December 2008 were HK$6,509,000 (2007: HK$17,474,000), the details of which were set out in note 20 to the financial statements.

Withholding taxes arising from the distributions of dividends

The Group's determination as to whether to accrue for withholding taxes arising from the distributions of dividends from certain subsidiaries according to the relevant tax jurisdictions is subject to judgement on the timing of the payment of the dividend. The Group considered that if the profits will not be distributed in the foreseeable future, then no withholding taxes should be provided.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimation of fair value of leasehold buildings

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current gross replacement costs of the improvement less allowance for physical deterioration and all relevant forms of obsolescence and optimisation;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

3. Significant Accounting Judgements and Estimates *(Continued)*

Estimation uncertainty *(Continued)*

Estimation of fair value of leasehold buildings *(Continued)*

The principal assumptions for the Group's estimation of the fair value include those related to current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs.

The carrying amounts of leasehold buildings at 31 December 2008 were HK$328,844,000 (2007: HK$335,370,000) (note 12).

4. Segment Information

Segment information is presented by way of the Group's primary segment reporting basis, by business segment. In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in the PRC and over 90% of the Group's assets are located in the PRC.

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. Summary details of the business segments are as follows:

(a) the hotel segment consists of the management of a holiday resort hotel in Zhuhai, the PRC (the "Hotel Business");

(b) the tourist attraction segment consists of the management of a theme park and an amusement park in Zhuhai, the PRC;

(c) the provision of port facilities and ticketing services segment provides port facilities and ticketing services in Zhuhai, the PRC; and

(d) the corporate and others segment comprises the Group's investment holding and trading of securities, together with corporate expense items.

4. Segment Information *(Continued)*

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 December 2008 and 2007.

	Hotel		Tourist attraction		Provision of port facilities and ticketing services		Corporate and others		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Sales to external customers	**203,844**	188,811	**64,228**	57,658	**56,065**	52,923	**—**	—	**324,137**	299,392
Segment results	**(2,186)**	10,607	**559**	5,196	**27,955**	29,951	**(26,752)**	3,331	**(424)**	49,085
Interest income									**2,971**	5,674
Share of profits and losses of a jointly-controlled entity	**—**	—	**—**	—	**23,975**	36,729	**—**	—	**23,975**	36,729
Profit before tax									**26,522**	91,488
Tax									**(11,740)**	(9,498)
Profit for the year									**14,782**	81,990

4. Segment Information *(Continued)*

	Hotel		Tourist attraction		Provision of port facilities and ticketing services		Corporate and others		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets and liabilities:										
Segment assets	**478,757**	407,320	**491,410**	414,702	**147,517**	108,851	**189,901**	309,510	**1,307,585**	1,240,383
Interest in a jointly-controlled entity	**—**	—	**—**	—	**110,393**	120,739	**—**	—	**110,393**	120,739
Total assets									**1,417,978**	1,361,122
Segment liabilities	**61,984**	58,270	**16,346**	14,422	**29,083**	25,547	**2,525**	2,694	**109,938**	100,933
Unallocated liabilities									**26,857**	27,682
Total liabilities									**136,795**	128,615
Other segment information:										
Depreciation and amortisation	**14,590**	12,458	**22,715**	23,798	**3,225**	2,260	**329**	507	**40,859**	39,023
Capital expenditure	**32,148**	10,234	**7,939**	3,936	**14,110**	5,717	**136**	48	**54,333**	19,935
Net fair value losses/(gains) on securities measured at fair value through profit or loss	**—**	—	**—**	—	**—**	—	**7,602**	(4,959)	**7,602**	(4,959)
Impairment of golf club memberships	**—**	2,565	**—**	—	**—**	—	**—**	—	**—**	2,565
Impairment of trade and other receivables, net	**27**	162	**—**	2,715	**(5)**	(40)	**—**	—	**22**	2,837
Impairment of an available-for-sale investment	**—**	—	**—**	—	**—**	—	**23,906**	—	**23,906**	—

5. Revenue and Other Income and Gains, Net

Revenue, which is also the Group's turnover, represents proceeds from the provision of services, sale of goods, tickets, food and beverages, and the provision of port facilities and ticketing services, less sales tax and after trade discounts and returns, during the year.

An analysis of the Group's revenue, other income and gains, net, is as follows:

	2008 *HK$'000*	2007 *HK$'000*
Revenue		
Sale of goods and provision of services	**324,137**	299,392
Other income and gains, net		
Interest income	**2,971**	5,674
Net fair value gains/(losses) on securities measured at fair value through profit or loss	**(7,602)**	4,959
Gains on disposal of securities measured at fair value through profit or loss	**14,668**	23,582
Dividend income from listed equity investments	**798**	583
Gross rental income	**10,985**	10,142
Foreign exchange differences, net	**14,206**	12,496
Others	**1,665**	1,422
	37,691	58,858
	361,828	358,250

6. Profit Before Tax

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

	2008 HK$'000	2007 HK$'000
Cost of inventories sold	**37,947**	30,306
Cost of services provided*	**219,040**	199,717
Depreciation	**32,770**	31,203
Amortisation of prepaid land lease payments	**7,298**	7,166
Amortisation of rights to use port facilities	**791**	654
Minimum lease payments under operating leases in respect of land and buildings	**16,815**	14,511
Auditors' remuneration	**1,200**	1,200
Employee benefit expenses (including directors' remuneration — *note 7*):		
Wages and salaries	**66,676**	59,433
Pension scheme contributions**	**5,270**	2,920
	71,946	62,353
Loss on disposal and write-off of items of property, plant and equipment***	**4,414**	103
Net fair value losses/(gains) on securities measured at fair value through profit or loss	**7,602**	(4,959)
Gain on disposal of securities measured at fair value through profit or loss	**(14,668)**	(23,582)
Impairment of golf club memberships***	**—**	2,565
Impairment of trade receivables, net	**22**	122
Impairment of other receivables***	**—**	2,715
Foreign exchange differences, net	**(14,206)**	(12,496)
Impairment of an available-for-sale investment (after a transfer from the available-for-sale investment revaluation reserve of a deficit of HK$12,900,000 *(note 20)*)	**23,906**	—

* Cost of services provided includes HK$96,581,000 (2007: HK$87,072,000) in respect of employee benefit expenses, depreciation of property, plant and equipment, amortisation of prepaid land lease payments, amortisation of rights to use port facilities and minimum lease payments under operating leases in respect of land and buildings, of which the respective total amounts are also disclosed separately above.

** At 31 December 2008, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2007: Nil).

*** These items are included in "Other operating expenses, net" and "Cost of sales" on the face of the consolidated income statement.

7. Directors' Remuneration and Five Highest Paid Employees

Directors' remuneration

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Fees		
— Independent non-executive directors	**600**	600
— Non-executive director	**200**	200
	800	800
Salaries, allowances and benefits in kind	**313**	548
Performance related bonuses	**418**	177
Pension scheme contributions	**62**	44
	793	769
	1,593	1,569

7. Directors' Remuneration and Five Highest Paid Employees *(Continued)*

Directors' remuneration *(Continued)*

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2008 *HK$'000*	2007 *HK$'000*
Mr. Hui Chiu Chung, Stephen	**200**	200
Mr. Chu Yu Lin, David	**200**	200
Mr. Albert Ho	**200**	200
	600	600

There were no other emoluments payable to the independent non-executive directors during the year (2007: Nil).

7. Directors' Remuneration and Five Highest Paid Employees *(Continued)*

Directors' remuneration *(Continued)*

(b) Executive directors and a non-executive director

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2008					
Executive directors:					
Mr. Zhu Lifu	—	—	—	—	—
Mr. Gu Zengcai	—	—	—	—	—
Mr. Huang Xin	—	188	316	42	546
Mr. Jin Tao	—	—	—	—	—
Mr. Yu Huaguo*	—	—	—	—	—
Mr. Wu Hanqiu	—	125	102	20	247
	—	313	418	62	793
Non-executive director:					
Mr. Liang Han	200	—	—	—	200
	200	313	418	62	993

* Mr. Yu Huaguo resigned as a director of the Company on 3 September 2008.

7. Directors' Remuneration and Five Highest Paid Employees *(Continued)*

Directors' remuneration *(Continued)*

(b) Executive directors and a non-executive director *(Continued)*

	Fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Performance related bonuses *HK$'000*	Pension scheme contributions *HK$'000*	Total remuneration *HK$'000*
2007					
Executive directors:					
Mr. Zhu Lifu	—	—	—	—	—
Mr. Gu Zengcai	—	—	—	—	—
Mr. Huang Xin	—	212	90	23	325
Mr. Jin Tao	—	—	—	—	—
Mr. Yu Huaguo	—	—	—	—	—
Mr. Chen Yonglin#	—	217	—	5	222
Mr. Wu Hanqiu	—	119	87	16	222
	—	548	177	44	769
Non-executive director:					
Mr. Liang Han	200	—	—	—	200
	200	548	177	44	969

\# Mr. Chen Yonglin resigned as a director of the Company on 19 April 2007.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2007: Nil).

7. Directors' Remuneration and Five Highest Paid Employees *(Continued)*

Five highest paid employees

The five highest paid employees during the year included one (2007: one) director, details of whose remuneration are set out above. Details of the remuneration of the remaining four (2007: four) non-director, highest paid employees for the year are as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**1,772**	2,018
Pension scheme contributions	**87**	90
	1,859	2,108

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2008	2007
Nil to HK$1,000,000	**3**	3
HK$1,000,001 to HK$1,500,000	**1**	1
	4	4

No emoluments were paid by the Group to the non-director, highest paid employees as an inducement to join or upon joining the Group, or as compensation for loss of office.

8. Tax

Hong Kong profits tax had not been provided as the Group did not generate any assessable profits arising in Hong Kong during the year (2007: Nil). The Group's subsidiaries established in the PRC are subject to a PRC income tax rate of 18% (2007: 15%).

	Group	
	2008	2007
	HK$'000	*HK$'000*
Group:		
Current		
— Hong Kong	**—**	—
— PRC	**6,640**	9,498
Deferred *(note 30)*	**5,100**	—
Total tax charge for the year	**11,740**	9,498

A reconciliation of the tax expense applicable to profit before tax using the statutory rates for the tax jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Profit before tax	**26,522**	91,488
Tax at the statutory tax rates	**9,300**	29,911
Lower tax rates for specific provinces or enacted by local authority	**(4,054)**	(16,142)
Profits and losses attributable to a jointly-controlled entity	**(4,316)**	(5,510)
Income not subject to tax	**(3,286)**	(3,657)
Expenses not deductible for tax	**6,801**	2,677
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries and a jointly-controlled entity	**5,100**	—
Tax losses not recognised	**2,195**	2,219
Tax charge at the Group's effective tax rate	**11,740**	9,498

8. Tax *(Continued)*

The share of tax attributable to a jointly-controlled entity amounting to approximately HK$5,355,000 (2007: HK$7,853,000) is included in "Share of profits and losses of a jointly-controlled entity" on the face of the consolidated income statement. There was no profits tax attributable to the associate of the Group as the associate did not generate any assessable profits during the year (2007: Nil).

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 applicable tax rate of 25%. The existing preferential tax rate applicable to the Group subsidiaries for the year was 18% (2007: 15%).

9. Profit Attributable to Ordinary Equity Holders of the Company

The consolidated profit attributable to ordinary equity holders of the Company for the year ended 31 December 2008 includes a profit of approximately HK$759,000 (2007: HK$18,870,000) which has been dealt with in the financial statements of the Company (note 32(b)).

10. Dividend

The directors resolved not to declare any dividend for the year ended 31 December 2008 (2007: final dividend of HK2 cents per ordinary share, totalling approximately HK$22,372,000).

11. Earnings Per Share Attributable to Ordinary Equity Holders of the Company

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company of approximately HK$12,374,000 (2007: HK$79,405,000) and the number of ordinary shares in issue during the year of 1,118,600,000 (2007: weighted average number of 1,115,428,548).

A diluted earnings per share amount for the year ended 31 December 2008 has not been dislosed as no diluting events existed during the year.

During the year ended 31 December 2007, the calculation of diluted earnings per share was based on the profit for the year attributable to ordinary equity holders of the Company of approximately HK$79,405,000. The weighted average number of ordinary shares of 1,116,969,581 used in the calculation was the weighted average number of ordinary shares in issue during that year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all warrants of 1,541,033 during that year.

12. Property, plant and equipment

Group

	Construction in progress HK$'000	Medium-term leasehold buildings outside Hong Kong HK$'000	Furniture, fixtures, equipment, motor vehicles, plant and machinery and leasehold improvements HK$'000	Total HK$'000
31 December 2008				
At 31 December 2007 and 1 January 2008:				
Cost or valuation	8,045	335,370	196,608	540,023
Accumulated depreciation	—	—	(147,216)	(147,216)
Net carrying amount	8,045	335,370	49,392	392,807
At 1 January 2008, net of accumulated depreciation	8,045	335,370	49,392	392,807
Additions	39,568	—	14,765	54,333
Disposals and write-offs	(4,152)	—	(390)	(4,542)
Deficit on revaluation	—	(9,909)	—	(9,909)
Depreciation provided during the year	—	(17,675)	(15,095)	(32,770)
Transfers	(1,006)	—	1,006	—
Exchange realignment	838	21,058	2,956	24,852
At 31 December 2008, net of accumulated depreciation	43,293	328,844	52,634	424,771
At 31 December 2008:				
Cost or valuation	43,293	328,844	220,421	592,558
Accumulated depreciation	—	—	(167,787)	(167,787)
Net carrying amount	43,293	328,844	52,634	424,771
Analysis of cost or valuation:				
At cost	43,293	—	220,421	263,714
At 31 December 2008 valuation	—	328,844	—	328,844
	43,293	328,844	220,421	592,558

12. Property, plant and equipment *(Continued)*

Group

	Construction in progress *HK$'000*	Medium-term leasehold buildings outside Hong Kong *HK$'000*	Furniture, fixtures, equipment, motor vehicles, plant and machinery and leasehold improvements *HK$'000*	Total *HK$'000*
31 December 2007				
At 1 January 2007:				
Cost or valuation	3,881	316,197	169,827	489,905
Accumulated depreciation	—	—	(124,556)	(124,556)
Net carrying amount	3,881	316,197	45,271	365,349
At 1 January 2007, net of accumulated depreciation	3,881	316,197	45,271	365,349
Additions	11,254	158	8,523	19,935
Disposals and write-offs	—	—	(417)	(417)
Surplus on revaluation	—	10,836	—	10,836
Depreciation provided during the year	—	(16,187)	(15,016)	(31,203)
Transfers	(7,514)	—	7,514	—
Exchange realignment	424	24,366	3,517	28,307
At 31 December 2007, net of accumulated depreciation	8,045	335,370	49,392	392,807
At 31 December 2007:				
Cost or valuation	8,045	335,370	196,608	540,023
Accumulated depreciation	—	—	(147,216)	(147,216)
Net carrying amount	8,045	335,370	49,392	392,807
Analysis of cost or valuation:				
At cost	8,045	—	196,608	204,653
At 31 December 2007 valuation	—	335,370	—	335,370
	8,045	335,370	196,608	540,023

12. Property, plant and equipment *(Continued)*

Company

	Furniture, fixtures, equipment, motor vehicles and leasehold improvements *HK$'000*
31 December 2008	
At 31 December 2007 and 1 January 2008:	
Cost	**2,616**
Accumulated depreciation	**(1,582)**
Net carrying amount	**1,034**
At 1 January 2008, net of accumulated depreciation	**1,034**
Additions	**66**
Depreciation provided during the year	**(305)**
At 31 December 2008, net of accumulated depreciation	**795**
At 31 December 2008:	
Cost	**2,660**
Accumulated depreciation	**(1,865)**
Net carrying amount	**795**
31 December 2007	
At 1 January 2007:	
Cost	2,572
Accumulated depreciation	(1,147)
Net carrying amount	1,425
At 1 January 2007, net of accumulated depreciation	1,425
Additions	44
Depreciation provided during the year	(435)
At 31 December 2007, net of accumulated depreciation	1,034
At 31 December 2007:	
Cost	2,616
Accumulated depreciation	(1,582)
Net carrying amount	1,034

12. Property, plant and equipment *(Continued)*

On 31 December 2008, the medium-term leasehold buildings of the Group were revalued by Castores Magi (Hong Kong) Limited ("Castores"), an independent firm of professionally qualified valuers. Depending on the nature of the properties, various leasehold buildings of the Group were revalued at HK$322,584,000 and HK$6,260,000 on the depreciated replacement cost basis and the open market basis, respectively. Revaluation deficit resulting therefrom of HK$9,909,000 was charged to the asset revaluation reserve.

Had the Group's medium-term leasehold buildings been carried at cost less accumulated depreciation, they would have been included in the financial statements at a net book value of HK$231,477,000.

13. Prepaid land lease payments

	Group	
	2008	2007
	HK$'000	*HK$'000*
Carrying amount at beginning of year	**198,747**	202,285
Exchange realignment	**3,023**	3,628
Amortisation recognised during the year	**(7,298)**	(7,166)
Carrying amount at end of year	**194,472**	198,747
Current portion included in prepayments, deposits and other receivables under current assets	**(7,311)**	(7,223)
Non-current portion	**187,161**	191,524

The prepaid land lease payments are held under medium-term leases and are situated outside Hong Kong.

14. Rights to use port facilities

	Group HK$'000
31 December 2008	
At 31 December 2007 and 1 January 2008:	
Cost	**24,716**
Accumulated amortisation	**(4,772)**
Net carrying amount	**19,944**
At 1 January 2008, net of accumulated amortisation	**19,944**
Amortisation recognised during the year	**(791)**
Exchange realignment	**1,226**
At 31 December 2008, net of accumulated amortisation	**20,379**
At 31 December 2008:	
Cost	**26,243**
Accumulated amortisation	**(5,864)**
Net carrying amount	**20,379**
31 December 2007	
At 1 January 2007:	
Cost	22,915
Accumulated amortisation	(3,793)
Net carrying amount	19,122
At 1 January 2007, net of accumulated amortisation	19,122
Amortisation recognised during the year	(654)
Exchange realignment	1,476
At 31 December 2007, net of accumulated amortisation	19,944
At 31 December 2007:	
Cost	24,716
Accumulated amortisation	(4,772)
Net carrying amount	19,944

The balance represents the Group's rights to use certain buildings and structures erected at the Jiuzhou Port in Zhuhai, the PRC, for a term up to 27 March 2040 (note 37(b)).

15. Intangible asset

	Group *HK$'000*
31 December 2008	
At 31 December 2007 and 1 January 2008:	
Cost	**24,182**
Accumulated impairment	**(18,299)**
Net carrying amount	**5,883**
At 1 January 2008, net of accumulated impairment	**5,883**
Exchange realignment	**364**
At 31 December 2008	**6,247**
At 31 December 2008:	
Cost	**26,086**
Accumulated impairment	**(19,839)**
Net carrying amount	**6,247**
31 December 2007	
At 1 January 2007:	
Cost	22,420
Accumulated impairment	(14,490)
Net carrying amount	7,930
At 1 January 2007, net of accumulated impairment	7,930
Impairment during the year	(2,565)
Exchange realignment	518
At 31 December 2007	5,883
At 31 December 2007:	
Cost	24,182
Accumulated impairment	(18,299)
Net carrying amount	5,883

15. Intangible asset *(Continued)*

The balance represents memberships of a golf club in Zhuhai, the PRC, held by the Group. The memberships are perpetual and are freely transferrable. The memberships were acquired by the Group to provide golf club facilities for the Group's customers.

The recoverable amount of the golf club memberships as at the balance sheet date were determined by the Group with reference to the open market basis assessed by Castores and approximates to their carrying values.

16. Goodwill

As detailed in note 2.5 to the financial statements, the Group applied the transitional provisions of HKFRS 3 that permitted goodwill in respect of business combinations which occurred prior to 2001, to remain eliminated against consolidated reserves.

The amount of goodwill remaining in the consolidated reserves as at 31 December 2008 and 2007, arising from the acquisition of subsidiaries prior to the adoption of SSAP 30 in 2001, was approximately HK$200,573,000.

17. Interests in subsidiaries

	Company	
	2008	2007
	HK$'000	*HK$'000*
Unlisted shares, at cost	**892,808**	892,808
Due from subsidiaries	**144,202**	152,680
	1,037,010	1,045,488

The amounts due from subsidiaries included in the interests in subsidiaries above are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors, these amounts are considered as quasi-equity loans to the subsidiaries.

17. Interests in subsidiaries *(Continued)*

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued and paid-up share/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Jiuzhou Tourist Development Company Limited	British Virgin Islands/ Hong Kong	US$15,600	100	—	Investment and property holding
Zhuhai Holiday Resort Hotel Co., Ltd. *(note a)*	PRC	HK$184,880,000	—	100	Management of a holiday resort
The New Yuanming Palace Tourist Co., Ltd. of Zhuhai S.E.Z. *(note a)*	PRC	RMB60,000,000	—	100	Management of a theme park
珠海水上娛樂有限公司 *(note a)*	PRC	RMB22,500,000	—	100	Management of an amusement park
Jiuzhou Port Company *(note b)*	PRC	RMB42,330,000	—	90	Provision of port facilities and ticketing services

Notes:

(a) Registered as wholly-foreign-owned enterprises under the PRC law

(b) Registered as a contractual joint venture under the PRC law

The statutory financial statements of the subsidiaries listed above were not audited by Ernst & Young Hong Kong or other member firm of the Ernst & Young global network.

17. Interests in subsidiaries *(Continued)*

The above table lists the subsidiaries of the Company which, in the opinion of the Company's board of directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

18. Interest in a jointly-controlled entity

	Group	
	2008	2007
	HK$'000	*HK$'000*
Share of net assets of an unlisted jointly-controlled entity	**110,393**	120,739

Particulars of the jointly-controlled entity indirectly held by the Company are as follows:

Name	Paid-up capital	Place of registration and operations	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activity
Ferry Company	RMB65,374,000	PRC	49	49	49	Provision of ferry services

The statutory financial statements of the jointly-controlled entity were not audited by Ernst & Young Hong Kong or other member firm of the Ernst & Young global network.

18. Interest in a jointly-controlled entity *(Continued)*

The following table illustrates the summarised financial information of the Group's jointly-controlled entity:

	2008	2007
	HK$'000	*HK$'000*
Share of the jointly-controlled entity's assets and liabilities:		
Non-current assets	**62,540**	69,472
Current assets	**109,164**	114,584
Current liabilities	**(53,492)**	(55,498)
Non-current liabilities	**(7,819)**	(7,819)
Net assets	**110,393**	120,739

	2008	2007
	HK$'000	*HK$'000*
Share of the jointly-controlled entity's results:		
Revenue	**165,283**	155,067
Other income	**21,585**	13,023
Total revenue	**186,868**	168,090
Total expenses	**(157,538)**	(123,508)
Tax	**(5,355)**	(7,853)
Profit after tax	**23,975**	36,729

19. Interest in an associate

	Group	
	2008	2007
	HK$'000	*HK$'000*
Share of net assets of an unlisted associate	**—**	—

Particulars of the associate are as follows:

Name	**Particulars of issued share capital**	**Place of incorporation and operations**	**Percentage of ownership interest attributable to the Group**	**Principal activity**
Allways Internet Limited	Ordinary shares of HK$3,000,000	Hong Kong	50	Investment holding

The statutory financial statements of the associate were not audited by Ernst & Young Hong Kong or other member firm of the Ernst & Young global network.

20. Available-for-sale investments

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong listed equity investment, at fair value#	**5,800**	16,806	**5,800**	16,806
Unlisted equity investment, at cost	**709**	668	**—**	—
	6,509	17,474	**5,800**	16,806

The above investments consist of investments in equity securities which were designated as available-for-sale assets and have no fixed financial maturity date or coupon rate.

20. Available-for-sale investments *(Continued)*

On 10 July 2007, the Company subscribed certain shares in a company listed on the Stock Exchange through private placement at an aggregate consideration of HK$29,706,000.

During the year, there has been a significant decline in the market value of the share of this company. The directors consider that such a decline indicates that the listed equity investment has been impaired and an impairment loss of HK$23,906,000 (2007: Nil), which included a transfer from the available-for-sale investment revaluation reserve of HK$12,900,000 (2007: Nil), has been recognised in the income statement for the year.

21. Prepayments, deposits and other receivables

(a) Prepayments and deposits included in non-current assets:

		Group	
		2008	2007
	Notes	***HK$'000***	*HK$'000*
Rental prepayments		**4,730**	4,744
Deposit for the proposed acquisition of certain parcels of land	*(i)*	**88,446**	83,300
Prepayment and deposit for the proposed acquisition of a subsidiary	*(ii)*	**31,556**	—
		124,732	88,044

		Company	
		2008	2007
		HK$'000	*HK$'000*
Prepayment and deposit for the proposed acquisition of a subsidiary	*(ii)*	**31,556**	—

(i) On 30 June 2006, the Group entered into a letter of intent with Zhuhai Guoyuan (the "First Intent Letter"). Pursuant to the First Intent Letter, the Group had the first right of acquisition over several parcels of land (the "Hotel Land") leased to the Group where certain building structures of the Hotel Business were erected. In return, the Group paid a refundable deposit of approximately RMB78 million (equivalent to approximately HK$88.4 million) to Zhuhai Guoyuan. Pursuant to the First Intent Letter, the deposit would be refunded to the Group should no formal legal binding agreement be entered on or before 31 December 2006.

21. Prepayments and deposits *(Continued)*

(a) Prepayments and deposits included in non-current assets: *(continued)*

(i) *(continued)*

On 29 December 2006, the Group and Zhuhai Guoyuan entered into a conditional sale and purchase agreement (the "Land Agreement") for the acquisition of the Hotel Land for an aggregate cash consideration of approximately RMB90.9 million (equivalent to approximately HK$103.1 million).

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 was 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 party transaction under the Listing Rules, was announced by the Company in a press announcement dated 26 January 2007.

During the year, announcements dated 18 March 2008 and 16 October 2008 were made by the Company and the Group had entered into extension agreements with Zhuhai Guoyuan to extend the longstop dates from 16 April 2008 to 16 October 2008 and from 16 October 2008 to 16 April 2009, respectively, for satisfaction of the conditions precedent under the Land Agreement. Subsequent to the balance sheet date, the Group has further entered into an extension agreement with Zhuhai Guoyuan to extend the longstop date from 16 April 2009 to 16 October 2009.

(ii) On 27 August 2008, the Company entered into a letter of intent (as amended and supplemented by a supplemental letter of intent on 10 September 2008) (the "Letter of Intent") with an individual ("Vendor") 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") ("Proposed Acquisition"). The Letter of Intent became effective on 10 September 2008. The Target Company owns a wholly-foreign investment 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.

21. Prepayments and deposits *(Continued)*

(a) Prepayments and deposits included in non-current assets: *(continued)*

(ii) *(continued)*

Pursuant to the Letter of Intent, the Company paid earnest money ("Earnest Money") in the sum of RMB26 million (equivalent to approximately HK$30 million) to the Vendor in connection with the Proposed Acquisition during the year. The Earnest Money was secured by, among others, the Vendor's 80% equity interest in the Target Company. As a separate term of the Letter of Intent, the Vendor agreed to grant an exclusive right of negotiation for the acquisition of the Target Company to the Company up to 31 December 2008. Details of the Letter of Intent are set out in the Company's announcement dated 10 September 2008.

In addition, pursuant to the Letter of Intent, the Group has the right to demand full refund of the Earnest Money if the Proposed Acquisition was eventually unsuccessful.

Up to the date of approval of these financial statements, the Company is still in the process of carrying out due diligence procedures on the Target Company and negotiating the sale and purchase terms with the Vendor.

(b) Prepayments, deposits and other receivables included in current assets:

	2008 ***HK$'000***	2007 *HK$'000*
Group:		
Prepayments	**8,268**	8,284
Deposits and other receivables	**6,909**	11,337
	15,177	19,621
Company:		
Prepayments	**352**	337
Deposits and other receivables	**1,613**	1,783
	1,965	2,120

22. Securities measured at fair value through profit or loss

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Listed equity investments in Hong Kong, at market value	**3,483**	11,085	**3,483**	11,085
Listed equity investments in the PRC, at market value	**—**	25,231	**—**	—
Unlisted investment funds in the PRC, at fair value	**194**	91,708	**—**	—
	3,677	128,024	**3,483**	11,085

The above investments at 31 December 2008 and 2007 were classified as held for trading upon initial recognition.

23. Inventories

	Group	
	2008	2007
	HK$'000	*HK$'000*
Food, beverages and souvenirs held for resale	**3,206**	2,651

24. Trade receivables

	Group	
	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**38,432**	31,478
Impairment	**(2,810)**	(2,626)
	35,622	28,852

A defined credit policy is maintained within the Group. The general credit terms range from one 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 its credit risk. Overdue balances are regularly reviewed by senior management. Trade receivables are non-interest-bearing.

As at 31 December 2008, the Group had a receivable from the Zhuhai Municipal Government arising from the use of the Group's hotel facilities amounting to approximately HK$25,930,000 (2007: HK$18,419,000) which accounted for approximately 73% (2007: 64%) of the total trade receivables balance. The trade receivable with the Zhuhai Municipal Government is unsecured and interest-free, and the credit term granted is as mentioned above.

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

	Group	
	2008	2007
	HK$'000	*HK$'000*
Current to 3 months	**13,342**	13,338
4 to 6 months	**3,451**	3,741
7 to 12 months	**13,958**	8,286
Over 12 months	**4,871**	3,487
	35,622	28,852

24. Trade receivables *(Continued)*

The movements in the impairment allowance of trade receivables are as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
At the beginning of year	**2,626**	2,418
Impairment losses recognised	**27**	162
Amount written off as uncollectible	**—**	(105)
Write back of impairment losses	**(5)**	(40)
Exchange realignment	**162**	191
	2,810	2,626

Included in the above impairment allowance of trade receivables is an allowance for individually impaired trade receivables of approximately HK$2,810,000 (2007: HK$2,626,000) with a gross carrying amount of approximately HK$3,556,000 (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.

An aged analysis of the trade receivables that are not considered to be impaired is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Neither past due nor impaired	**28,783**	23,518
Less than 1 year past due	**5,118**	4,434
More than 1 year past due	**975**	166
	34,876	28,118

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

24. Trade receivables *(Continued)*

Receivables that were past due but not impaired relate to a number of independent customers that have a good repayment record with the Group. Based on past experience, the directors of the Company are of the opinion that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

25. Due from a jointly-controlled entity

The amount due from a jointly-controlled entity is unsecured, interest-free and repayable on demand.

26. Balances with related companies

Particulars of the amounts due from related companies are as follows:

Group

	At 31 December 2008 *HK$'000*	Maximum amount outstanding during the year *HK$'000*	At 31 December 2007 *HK$'000*
Macau-Mondial Travel & Tours Ltd. ("Macau-Mondial")	**5,398**	5,398	5,398
Zhuhai Special Economic Zone Hotel ("Zhuhai SEZ Hotel")	**458**	458	458
	5,856		5,856
Impairment	**(5,856)**		(5,856)
	—		—

26. Balances with related companies *(Continued)*

The amounts due from Macau-Mondial and Zhuhai SEZ Hotel, subsidiaries of Zhu Kuan Macau, represented the outstanding balances arising from the sale of tickets in prior years. Full provision in respect of the amounts had been made in prior years.

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

27. Cash and cash equivalents

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash and bank balances	**460,169**	206,061	**114,214**	8,043
Time deposits with original maturity within three months	**17,006**	139,022	**17,006**	135,819
	477,175	345,083	**131,220**	143,862

At the balance sheet date, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to approximately HK$450,624,000 (2007: HK$300,163,000). RMB is not freely convertible into other currencies. However, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between seven days and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

28. Trade payables

An aged analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Current to 3 months	**14,103**	13,058
4 to 6 months	**688**	406
7 to 12 months	**1,014**	2,611
Over 12 months	**2,387**	3,302
	18,192	19,377

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

29. Construction payables

Construction payables, which represent amounts due to construction contractors, are unsecured, interest-free and repayable in accordance with the terms of the respective construction contracts.

30. Deferred tax liabilities

The movements in deferred tax liabilities of the Group during the year are as follows:

	Revaluation of leasehold buildings HK$'000	Withholding taxes HK$'000	Total HK$'000
31 December 2008			
At 31 December 2007 and 1 January 2008	**12,446**	**—**	**12,446**
Deferred tax charged to the income statement during the year *(note 8)*	**—**	**5,100**	**5,100**
Deferred tax credited to equity during the year	**(2,477)**	**—**	**(2,477)**
At 31 December 2008	**9,969**	**5,100**	**15,069**
31 December 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
Deferred tax charged to equity during the year	2,709	—	2,709
At 31 December 2007	12,446	—	12,446

The Group has tax losses arising in Hong Kong of approximately HK$53,218,000 (2007: HK$39,915,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in companies that have been loss-making for some time and/or the future income stream to recoup such losses is unpredictable.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries and the jointly-controlled entity established in the PRC in respect of earnings generated from 1 January 2008.

30. Deferred tax liabilities *(Continued)*

For the remaining subsidiaries established in the PRC, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes as, in the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in the PRC for which deferred tax liabilities have not been recognised totalled approximately HK$5,077,000 at 31 December 2008 (2007: Nil).

31. Share capital

Shares	**2008** ***HK$'000***	2007 *HK$'000*
Authorised:		
2,000,000,000 ordinary shares of HK$0.10 each	**200,000**	200,000
Issued and fully paid:		
1,118,600,000 ordinary shares of HK$0.10 each	**111,860**	111,860

There was no movement in the Company's share capital during the year ended 31 December 2008.

During the year ended 31 December 2007, 19,620,000 warrants were exercised at a subscription price of HK$0.55 each resulting in the issuing 19,620,000 shares of HK$0.10 each for a total cash consideration of approximately HK$10,791,000, before issue expenses. There was no outstanding warrant for the years ended 31 December 2008 and 2007.

31. Share capital *(Continued)*

A summary of the transactions during the year ended 31 December 2007 with reference to the above movements in the Company's share capital is as follows:

	Number of shares in issue	Issued 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 31 December 2007 and 2008	1,118,600,000	111,860	459,870	571,730

32. Reserves

(a) Group

The amounts of the Group's reserves and the movements therein for the years ended 31 December 2008 and 2007 presented in the consolidated statement of changes in equity.

The contributed surplus of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired, together with the surplus arising on the acquisition of the site of the Group's theme park, pursuant to the Group reorganisation on 30 April 1998, and the nominal value of the Company's shares issued pursuant to the Group reorganisation.

In accordance with the relevant PRC regulations, the subsidiaries and the jointly-controlled entity established in the PRC are required to transfer a certain percentage of their profits after tax to the statutory reserve funds. Subject to certain restrictions set out in the relevant PRC regulations and the articles of association of the subsidiaries and the jointly-controlled entity, the statutory reserve funds may be used to offset against losses and/or may be capitalised as paid-up capital.

Goodwill arising on the acquisition of subsidiaries in prior years of approximately HK$200,573,000 (2007: HK$200,573,000) remains eliminated against consolidated reserves, as further explained in note 16 to the financial statements.

32. Reserves *(Continued)*

(b) Company

	Share premium account HK$'000	Contributed surplus HK$'000	Warrant reserve HK$'000	Available-for-sale investment revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2007	452,272	628,440	353	—	5,836	1,086,901
Change in fair value of an available- for-sale investment *(note 20)*	—	—	—	(12,900)	—	(12,900)
Final 2006 dividend declared	—	—	—	—	(196)	(196)
Warrants exercised *(note 31)*	8,829	—	—	—	—	8,829
Share issue expenses *(note 31)*	(1,231)	—	—	—	—	(1,231)
Profit for the year	—	—	—	—	18,870	18,870
Transfer to retained profits	—	—	(353)	—	353	—
Proposed final 2007 dividend *(note 10)*	—	—	—	—	(22,372)	(22,372)
At 31 December 2007 and 1 January 2008	459,870	628,440	—	(12,900)	2,491	1,077,901
Impairment of an available-for-sale investment *(note 20)*	—	—	—	12,900	—	12,900
Profit for the year	—	—	—	—	759	759
At 31 December 2008	459,870	628,440	—	—	3,250	1,091,560

The contributed surplus of the Company represents the excess of the then combined net asset value of the subsidiaries acquired pursuant to the reorganisation scheme referred to in note 32(a), over the nominal value of the Company's shares issued in exchange therefor. Under the Bermuda Companies Act 1981, the contributed surplus of the Company is distributable to shareholders in certain circumstances.

33. 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 (i) the directors and employees of the Company, its subsidiaries or any Invested Entity, suppliers and customers of the Group, or (ii) any Invested Entity, any person or entity that provides research, development or other technological support to the Group, or (iii) any Invested Entity, or any shareholder of any member of the Group, or (iv) 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 must 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 granted under the Scheme 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 the exercise of the share options granted to each eligible participant (including both exercised and outstanding options) within any 12-month period shall not exceed 1% of the total number of shares in issue.

33. 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 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 and shall not be more than 10 years from the date of offer of the share options, subject to the provisions for early termination as 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 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 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.

During the years ended 31 December 2008 and 2007, no share options have been granted by the Company. Moreover, the Company has no share options outstanding as at 31 December 2008 and 2007.

34. Contingent liabilities

At the balance sheet date, neither the Group nor the Company had any significant contingent liabilities (2007: Nil).

35. Operating lease arrangements

(a) As lessor

The Group leases certain of its leasehold buildings under operating lease arrangements, with leases negotiated for original terms ranging from 1 to 25 years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At the balance sheet date, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Within one year	**7,911**	9,684
In the second to fifth years, inclusive	**23,995**	16,280
After five years	**6,099**	2,953
	38,005	28,917

(b) As lessee

The Group leases certain of its office premises, hotel and port properties and facilities under operating lease arrangements. Leases are negotiated for original terms ranging from 1 to 44 years.

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

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	**9,989**	11,371	**900**	820
In the second to fifth years, inclusive	**36,509**	36,450	**168**	250
After five years	**255,454**	263,612	**—**	—
	301,952	311,433	**1,068**	1,070

36. Commitments

In addition to the operating leases commitments detailed in note 35(b) above, the Group and the Company had the following capital commitments at the balance sheet date:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Acquisition of items of property, plant and equipment	**31,118**	9,101
Acquisition of the Hotel Land	**14,628**	13,776
	45,746	22,877

According to the Letter of Intent, the aggregate consideration for the Proposed Acquisition as detailed in note 21(a)(ii) would not exceed RMB200 million (equivalent to approximately HK$227 million) should a formal agreement for the Proposed Acquisition be entered into between the Company and the Vendor.

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:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Contracted, but not provided for	**20,758**	—

37. Related party transactions

(a) In addition to those disclosed elsewhere in the financial statements, the Group had the following material transactions with related parties during the year:

Name	*Notes*	Nature	**2008** **HK$'000**	2007 HK$'000
Zhuhai Holiday Resort Co., Ltd. (the "Resort Company")	*(i)*	Rental expenses	**8,500**	8,500
Ferry Company	*(ii)*	Port service fees	**38,510**	35,563
Zhuhai Jiuzhou Port Group Corporation	*(iii)*	Rental expenses	**4,524**	4,072
China Marine Bunker Supply Company Jiuzhou Branch	*(iv)*	Diesel fuel expenses	**7,498**	5,063

Notes:

(i) The rental expenses paid to the Resort Company, a subsidiary of Zhu Kuan Macau, was calculated based on the terms of the tenancy agreement.

(ii) Jiuzhou Port Company, a subsidiary of the Company, received agency commission fees and service fees for acting as an agent for 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) Jiuzhou Port Company has entered into certain lease agreements with Zhuhai Jiuzhou Port Group Corporation, a substantial shareholder of the Company, as follows:

(1) Under a lease agreement dated 28 March 2000, Zhuhai Jiuzhou Port Group Corporation agreed to lease to Jiuzhou Port Company the land use rights in respect of the land surrounding the Jiuzhou Port at an annual rental of RMB515,000 (equivalent to approximately HK$579,000) for a period of 40 years starting from 28 March 2000;

(2) Under a lease agreement dated 18 January 2008, Zhuhai Jiuzhou Port Group Corporation agreed to lease to Jiuzhou Port Company the plaza surrounding the Jiuzhou Port at an annual rental of RMB700,000 (equivalent to approximately HK$787,000) for a period of one year starting from 1 January 2008;

(3) Under a renewed lease agreement dated 10 January 2004, Zhuhai Jiuzhou Port Group Corporation agreed to lease to Jiuzhou Port Company certain office premises at an annual rental of approximately RMB755,000 (equivalent to approximately HK$849,000) for a period of five years starting from 1 January 2004;

37. Related party transactions *(Continued)*

(a) *(Continued)*

Notes: (Continued)

(iii) *(Continued)*

(4) Under a lease agreement dated 18 January 2008, Zhuhai Jiuzhou Port Group Corporation agreed to lease to Jiuzhou Port Company certain port facilities at the Jiuzhou Port adjacent to the land referred to in (1) above at an annual rental of RMB860,000 (equivalent to approximately HK$967,000) for a period of one year starting from 1 January 2008;

(5) Under a lease agreement dated 23 December 2003, Zhuhai Jiuzhou Port Group Corporation agreed to lease to Jiuzhou Port Company certain ferry terminals at the Jiuzhou Port adjacent to the land referred to in (1) above at an annual rental of RMB650,000 (equivalent to approximately HK$731,000) for a period of five years starting from 1 January 2004;

(6) Under a lease agreement dated 10 January 2007, Zhuhai Jiuzhou Port Group Corporation agreed to lease to Jiuzhou Development Company Limited certain office premises at a monthly rental of approximately RMB39,000 (equivalent to approximately HK$44,000) for a period of two years starting from 1 January 2007; and

(7) Under a lease agreement dated 1 July 2008, Zhuhai Jiuzhou Port Group Corporation agreed to lease to Jiuzhou Development Company Limited certain office premises at a monthly rental of approximately RMB13,000 (equivalent to approximately HK$14,000) for a period from 1 July 2008 to 31 December 2010.

(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.

(b) Other transactions with related parties

In addition, in 1994, Jiuzhou Port Company was granted by Zhuhai Jiuzhou Port Group Corporation, who is also the major shareholder of Ferry Company, the rights to use the port facilities at the Jiuzhou Port for a period of 20 years for a lump sum payment of approximately RMB33,000,000 (equivalent to approximately HK$31,000,000). Under a supplemental lease agreement dated 1 March 2000, the terms of the lease were renegotiated, and both parties agreed to extend the lease to Jiuzhou Port Company for the use of the port facilities, which include certain buildings and structures erected at the Jiuzhou Port, to 40 years from that date, up to 27 March 2040, at no additional cost (note 14).

37. Related party transactions *(Continued)*

(c) Outstanding balances with related parties

Details of the Group's balances with related parties were set out in notes 25 and 26 to the financial statements, respectively.

(d) Compensation to key management personnel of the Group

	2008 *HK$'000*	2007 *HK$'000*
Short-term employee benefits	**2,245**	2,186
Post-employment benefits	**137**	100
Total compensation paid to key management personnel	**2,382**	2,286

Further details of directors' remuneration are included in note 7 to the financial statements.

The related party transactions in respect of items (a) and (b) above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

38. Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

2008

Financial assets	Group			
	Financial assets at fair value through profit or loss	**Loans and receivables**	**Available-for-sale financial assets**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Available-for-sale investments	—	—	6,509	6,509
Securities measured at fair value through profit or loss	3,677	—	—	3,677
Trade receivables	—	35,622	—	35,622
Financial assets included in prepayments, deposits and other receivables	—	125,355	—	125,355
Due from a jointly-controlled entity	—	2,929	—	2,929
Cash and cash equivalents	—	477,175	—	477,175
	3,677	641,081	6,509	651,267

Financial liabilities	**Financial liabilities at amortised cost**
	HK$'000
Trade payables	18,192
Financial liabilities included in accrued liabilities and other payables	60,710
Construction payables	5,449
Tax payable	11,788
Due to related companies	1,206
	97,345

38. Financial instruments by category *(Continued)*

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows: *(Continued)*

2007

Financial assets

	Group			
	Financial assets at fair value through profit or loss *HK$'000*	Loans and receivables *HK$'000*	Available-for-sale financial assets *HK$'000*	Total *HK$'000*
Available-for-sale investments	—	—	17,474	17,474
Securities measured at fair value through profit or loss	128,024	—	—	128,024
Trade receivables	—	28,852	—	28,852
Financial assets included in prepayments, deposits and other receivables	—	94,637	—	94,637
Due from a jointly-controlled entity	—	476	—	476
Cash and cash equivalents	—	345,083	—	345,083
	128,024	469,048	17,474	614,546

Financial liabilities

	Financial liabilities at amortised cost *HK$'000*
Trade payables	19,377
Financial liabilities included in accrued liabilities and other payables	67,172
Construction payables	4,322
Tax payable	15,236
Due to related companies	801
	106,908

38. Financial instruments by category *(Continued)*

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows *(Continued)*:

2008

Financial assets	Company			
	Financial assets at fair value through profits or loss HK$'000	Loans and receivables HK$'000	Available-for-sale financial asset HK$'000	Total HK$'000
Due from subsidiaries	—	144,202	—	144,202
Available-for-sale investment	—	—	5,800	5,800
Securities measured at fair value through profit or loss	3,483	—	—	3,483
Financial assets included in prepayments, deposits and other receivables	—	31,613	—	31,613
Cash and cash equivalents	—	131,220	—	131,220
	3,483	307,035	5,800	316,318

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Financial liabilities included in accrued liabilities and other payables	5,754

38. Financial instruments by category *(Continued)*

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows *(Continued)*:

2007

Financial assets

	Company			
	Financial assets at fair value through profits or loss *HK$'000*	Loans and receivables *HK$'000*	Available-for-sale financial asset *HK$'000*	Total *HK$'000*
Due from subsidiaries	—	152,680	—	152,680
Available-for-sale investment	—	—	16,806	16,806
Securities measured at fair value through profit or loss	11,085	—	—	11,085
Financial assets included in prepayments, deposits and other receivables	—	1,783	—	1,783
Cash and cash equivalents	—	143,862	—	143,862
	11,085	298,325	16,806	326,216

Financial liabilities

	Financial liabilities at amortised cost *HK$'000*
Financial liabilities included in accrued liabilities and other payables	5,489

39. Financial risk management objectives and policies

The Group's principal financial instruments, comprise securities measured at fair value through profit or loss, available-for-sale investments, balances with related parties and a jointly-controlled entity, and cash and cash equivalents. The Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, foreign currency risk, price risk and commodity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

(1) Credit risk

Credit risk is the risk that a customer or counterparty in a transaction may default. It arises from the credit terms which extend to customers and other activities undertaken by the Group. To manage credit risk, the Group has considered the underlying security and the long-established business relationship with the counterparty.

There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different intermediates and direct customers from different sectors and industries. In particulars, management does not expect any credit risk arisen from the trade receivable from the Zhuhai Municipal Government.

The credit risk of the Group's other financial assets, which comprise deposits for the proposed acquisitions of certain parcels of land and a subsidiary, cash and cash equivalents, securities measured at fair value through profit or loss, available-for-sale investments, balances with related parties and a jointly-controlled entity, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 24 to the financial statements.

39. Financial risk management objectives and policies *(Continued)*

(2) Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables).

The maturity profile of the Group's financial liabilities as at the balance sheet date, based on the contractual undiscounted payments, was as follows:

Group

	On demand *HK$'000*	Less than 12 months *HK$'000*	Total *HK$'000*
2008			
Trade payables	**11,065**	**7,127**	**18,192**
Financial liabilities included in accrued liabilities and other payables	**53,768**	**6,942**	**60,710**
Construction payables	**5,372**	**77**	**5,449**
Tax payable	**—**	**11,788**	**11,788**
Due to related companies	**1,206**	**—**	**1,206**
	71,411	**25,934**	**97,345**
2007			
Trade payables	7,654	11,723	19,377
Financial liabilities included in accrued liabilities and other payables	61,967	5,205	67,172
Construction payables	4,322	—	4,322
Tax payable	—	15,236	15,236
Due to related companies	801	—	801
	74,744	32,164	106,908

39. Financial risk management objectives and policies *(Continued)*

(2) Liquidity risk *(Continued)*

Company

	On demand HK$'000
2008	
Financial liabilities included in accrued liabilities and other payables	**5,754**
2007	
Financial liabilities included in accrued liabilities and other payables	5,489

(3) Foreign currency risk

The Group operates in Hong Kong and Mainland China and is exposed to foreign currency risk arising from various currency exposures, primarily with respect to RMB. Foreign currency risk arises from future commercial transactions, recognised assets and liabilities and net investments in operations in Mainland China. Management expected that RMB will continue to appreciate against Hong Kong dollar and will further benefit the Group's net assets position.

39. Financial risk management objectives and policies *(Continued)*

(3) Foreign currency risk *(Continued)*

The following table demonstrates the sensitivity at the balance sheet date to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the carrying values of monetary assets and liabilities) and the Group's equity (due to changes in the net asset value of the subsidiaries and the jointly-controlled entity with functional currency of RMB).

	Change in exchange rate	Increase/ (decrease) in the Group's profit before tax	Increase/ (decrease) in the Group's equity*
	%	*HK$'000*	*HK$'000*
2008			
If RMB strengthens against Hong Kong dollar	**5**	**10,614**	**35,155**
If RMB weakens against Hong Kong dollar	**5**	**(10,614)**	**(35,155)**
2007			
If RMB strengthens against Hong Kong dollar	5	4,999	39,441
If RMB weakens against Hong Kong dollar	5	(4,999)	(39,441)

* Excluding retained profits

39. Financial risk management objectives and policies *(Continued)*

(4) Price risk

Price risk is the risk that the fair values of securities decrease as a result of changes in the levels of equity indices and the values of individual securities. The Group is exposed to price risk arising from individual investments classified as securities measured at fair value through profit or loss (note 22) and available-for-sale investments (note 20) as at 31 December 2008. The Group's listed investments are mainly listed on the Hong Kong, Shenzhen and Shanghai stock exchanges and are valued at quoted market prices at the balance sheet date. The Group's unlisted investment funds are valued at quoted prices at the balance sheet date provided by the respective fund managers.

The market equity indices for the following stock exchanges, at the close of business of the nearest trading day in the year to the balance sheet date, and their respective highest and lowest points during the year were as follows:

	31 December 2008	**High/low 2008**	31 December 2007	High/low 2007
Hong Kong — Hang Seng Index	**14,387**	**27,616/11,016**	27,812	31,638/18,664
Shenzhen — A Share Index	**582**	**1,660/480**	1,520	1,629/572
Shanghai — A Share Index	**1,912**	**5,771/1,793**	5,521	6,395/2,744

The following table demonstrates the sensitivity to every decrease of 15%, 20% and 10% change in the fair values of the securities listed in Hong Kong, the securities listed in Shenzhen and Shanghai and unlisted investments in Mainland China, respectively, with all other variables held constant and before any impact on tax, based on their carrying amounts at the balance sheet date.

39. Financial risk management objectives and policies *(Continued)*

(4) Price risk *(Continued)*

	Carrying amount of securities *HK$'000*	Decrease in the Group's profit before tax *HK$'000*	Decrease in the Group's equity *HK$'000*
2008			
Investments in:			
Hong Kong			
— Available-for-sale listed equity investment	**5,800**	**(870)**	**(870)**
— Listed equity investments measured at fair value through profit or loss	**3,483**	**(522)**	**(522)**
Mainland China			
— Unlisted investment funds measured at fair value through profit or loss	**194**	**(19)**	**(19)**
2007			
Investments in:			
Hong Kong			
— Available-for-sale listed equity investment	16,806	—	(2,521)
— Listed equity investments measured at fair value through profit or loss	11,085	(1,663)	(1,663)
Mainland China			
— Listed equity investments measured at fair value through profit or loss	25,231	(5,046)	(5,046)
Mainland China			
— Unlisted investment funds measured at fair value through profit or loss	91,708	(9,171)	(9,171)

39. Financial risk management objectives and policies *(Continued)*

(5) Commodity price risk

The major component included in the Group's and the Ferry Company's cost of sales is diesel fuel oil. The Group is exposed to fluctuations in the diesel fuel oil price which is influenced by global as well as regional supply and demand conditions. An increase in the diesel oil price could adversely affect the Group's financial performance. The Group historically has not entered into any commodity derivative instruments to hedge the potential commodity price changes.

(6) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2008 and 2007.

In addition, the Group monitors capital using a current ratio, which is the total current assets divided by the total current liabilities. The Group's policy is to maintain the current ratio above 2.

40. Post balance sheet event

On 2 April 2009, the Group entered into an extension agreement with Zhuhai Guoyuan to extend the longstop date from 16 April 2009 to 16 October 2009 for satisfaction of the conditions precedent under the Land Agreement as disclosed in note 21(a) to the financial statements.

Details of the extension agreement are set out in the Company's announcement dated 7 April 2009.

41. Approval of the financial statements

The financial statements were approved and authorised for issue by the board of directors on 17 April 2009.

Financial Summary

The following is a summary of the Group's published results and assets, liabilities and minority interests of the Group for the last five financial periods prepared on the basis set out in note (i) below:

Results

	Year ended 31 December		Eight months ended 31 December	Year ended 30 April	
	2008	2007	2006	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE	**324,137**	299,392	189,691	230,707	214,689
PROFIT BEFORE TAX	**26,522**	91,488	49,260	40,655	25,617
Tax	**(11,740)**	(9,498)	(3,995)	(4,247)	(3,641)
PROFIT FOR THE YEAR/ PERIOD	**14,782**	81,990	45,265	36,408	21,976
Attributable to:					
Equity holders of the Company	**12,374**	79,405	44,145	34,805	20,406
Minority interests	**2,408**	2,585	1,120	1,603	1,570
	14,782	81,990	45,265	36,408	21,976

Assets, liabilities and minority interests

	31 December			30 April	
	2008	2007	2006	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**1,417,978**	1,361,122	1,200,153	1,088,171	1,020,985
Total liabilities	**(136,795)**	(128,615)	(99,983)	(84,133)	(80,836)
Minority interests	**(13,875)**	(10,800)	(7,545)	(12,122)	(10,234)
	1,267,308	1,221,707	1,092,625	991,916	929,915

Note:

(i) The amounts for each of the two years ended 30 April 2006, the eight months ended 31 December 2006 and the year ended 31 December 2007 were extracted from the audited financial statements of the Group and conform with the current year's presentation and accounting treatment.