九洲發展有限公司
Jiuzhou Development Company Limited

(Incorporated in Bermuda with limited liability)

Stock Code : 908

2009
Interim Report

CONTENTS

ERNST & YOUNG
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INDEPENDENT REVIEW REPORT

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

Introduction

We have reviewed the interim financial report of Jiuzhou Development Company Limited set out on pages 4 to 24, which comprises the condensed consolidated statement of financial position as of 30 June 2009 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants.

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2009 has not been prepared, in all material respects, in accordance with HKAS 34.

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

The above 337 million shares (the "Pledged Shares") held by the Registered Shareholder were charged in prior years in favour of a wholly-owned subsidiary (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.

The interim financial report has been prepared on a going concern basis, the validity of which depends upon the fulfilment of the conditions of the conditional settlement agreement concerning the Pledged Shares entered into 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 interim financial report does not include any adjustments that may be necessary should the conditions of the Settlement Agreement and the Debt Restructuring Agreement not be fulfilled, and 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
18/F, Two International Finance Centre
8 Finance Street, Central
Hong Kong

23 September 2009

CONDENSED CONSOLIDATED STATEMENT OF INCOME

Six months ended 30 June 2009

		Six months ended	
		30 June	30 June
		2009	2008
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
			(Restated)
REVENUE	*3*	**101,166**	114,475
Cost of sales		**(85,101)**	(87,232)
Gross profit		**16,065**	27,243
Other income, net		**11,206**	13,180
Selling and distribution costs		**(2,500)**	(2,678)
Administrative expenses		**(30,913)**	(30,240)
Other operating income/(expenses), net		**177**	(418)
Share of profit of a jointly-controlled entity		**13,906**	9,184
PROFIT BEFORE TAX	*4*	**7,941**	16,271
Tax	*5*	**(4,132)**	(4,800)
PROFIT FOR THE PERIOD		**3,809**	11,471
ATTRIBUTABLE TO:			
Equity holders of the Company		**2,883**	10,127
Minority interests		**926**	1,344
		3,809	11,471
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*6*		
Basic		**HK0.26 cent**	HK0.91 cent
Diluted		**N/A**	N/A
DIVIDEND PER SHARE		**Nil**	Nil

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2009

	Six months ended	
	30 June	30 June
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**3,809**	11,471
Other comprehensive income:		
Change in fair value of an available-for-sale investment *(note 7)*	**1,800**	(2,206)
Exchange realignment on translation of foreign operations attributable to:		
Equity holders of the Company	**(355)**	64,478
Minority interests	**—**	733
Share of exchange fluctuation reserve of a jointly-controlled entity	**(38)**	7,040
Other comprehensive income for the period	**1,407**	70,045
Total comprehensive income for the period	**5,216**	81,516
ATTRIBUTABLE TO:		
Equity holders of the Company	**4,290**	79,439
Minority interests	**926**	2,077
	5,216	81,516

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2009

	Notes	**30 June 2009 HK$'000 (Unaudited)**	31 December 2008 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**419,433**	424,771
Prepaid land lease payments		**183,405**	187,161
Rights to use port facilities		**20,010**	20,379
Intangible asset		**6,247**	6,247
Interest in a jointly-controlled entity		**124,261**	110,393
Available-for-sale investments	7	**8,309**	6,509
Prepayments and deposits	8	**123,021**	124,732
Total non-current assets		**884,686**	880,192
CURRENT ASSETS			
Securities measured at fair value through profit or loss	9	**6,997**	3,677
Inventories		**3,286**	3,206
Trade receivables	10	**42,415**	35,622
Prepayments, deposits and other receivables		**17,563**	15,177
Due from a jointly-controlled entity	11	**6,030**	2,929
Due from related companies	12	**3,097**	—
Cash and cash equivalents	13	**452,101**	477,175
Total current assets		**531,489**	537,786
CURRENT LIABILITIES			
Trade payables	14	**17,067**	18,192
Accrued liabilities and other payables		**79,264**	85,091
Construction payables		**4,923**	5,449
Tax payable		**10,573**	11,788
Due to related companies	12	**1,080**	1,206
Total current liabilities		**112,907**	121,726
NET CURRENT ASSETS		**418,582**	416,060
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,303,268**	1,296,252
NON-CURRENT LIABILITIES			
Deferred tax liabilities	15	**16,869**	15,069
Net assets		**1,286,399**	1,281,183
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital	16	**111,860**	111,860
Reserves		**1,159,738**	1,155,448
		1,271,598	1,267,308
Minority interests		**14,801**	13,875
Total equity		**1,286,399**	1,281,183

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2009

	Attributable to equity holders of the Company											
	Issued capital HK$'000 (Unaudited)	Share premium account HK$'000 (Unaudited)	Contributed surplus HK$'000 (Unaudited)	Goodwill reserve HK$'000 (Unaudited)	Asset revaluation reserve HK$'000 (Unaudited)	Available-for-sale investment revaluation reserve HK$'000 (Unaudited)	Statutory reserve funds HK$'000 (Unaudited)	Exchange fluctuation reserve HK$'000 (Unaudited)	Retained profits HK$'000 (Unaudited)	Total HK$'000 (Unaudited)	Minority interests HK$'000 (Unaudited)	Total equity HK$'000 (Unaudited)
At 1 January 2009	**111,860**	**459,870**	**446,355**	**(200,573)**	**30,352**	**–**	**92,139**	**148,554**	**178,751**	**1,267,308**	**13,875**	**1,281,183**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**1,800**	**–**	**(393)**	**2,883**	**4,290**	**926**	**5,216**
Transfer to statutory reserve funds	**–**	**–**	**–**	**–**	**–**	**–**	**836**	**–**	**(836)**	**–**	**–**	**–**
Share of reserve movement of a jointly-controlled entity	**–**	**–**	**–**	**–**	**–**	**–**	**2,246**	**–**	**(2,246)**	**–**	**–**	**–**
At 30 June 2009	**111,860**	**459,870**	**446,355**	**(200,573)**	**30,352**	**1,800**	**95,221**	**148,161**	**178,552**	**1,271,598**	**14,801**	**1,286,399**
At 1 January 2008	111,860	459,870	446,355	(200,573)	37,784	(12,900)	86,000	98,423	194,888	1,221,707	10,800	1,232,507
Total comprehensive income for the period	–	–	–	–	–	(2,206)	–	71,518	10,127	79,439	2,077	81,516
2007 final dividend declared	–	–	–	–	–	–	–	–	(22,372)	(22,372)	–	(22,372)
Transfer to statutory reserve funds	–	–	–	–	–	–	1,209	–	(1,209)	–	–	–
Share of reserve movement of a jointly-controlled entity	–	–	–	–	–	–	2,089	–	(2,089)	–	–	–
At 30 June 2008	111,860	459,870	446,355	(200,573)	37,784	(15,106)	89,298	169,941	179,345	1,278,774	12,877	1,291,651

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2009

		Six months ended	
		30 June	30 June
		2009	2008
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Net cash inflow/(outflow) from:			
Operating activities		**(11,375)**	1,424
Investing activities		**(13,699)**	(111,803)
Financing activities		**—**	(22,372)
Net decrease in cash and cash equivalents		**(25,074)**	(132,751)
Cash and cash equivalents at beginning of period		**477,175**	345,083
Effect of foreign exchange rate changes, net		**—**	19,409
Cash and cash equivalents at end of period		**425,101**	231,741
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*13*	**215,379**	129,493
Time deposits with original maturity less than three months	*13*	**236,722**	102,248
		452,101	231,741

NOTES TO UNAUDITED INTERIM FINANCIAL REPORT

30 June 2009

1.1 CORPORATE INFORMATION AND BASIS OF PRESENTATION

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

337 million shares of the Company are registered in the name of and are directly held by Pioneer Investment Ventures Limited ("PIV"), a wholly-owned subsidiary of Zhu Kuan Macau incorporated in the British Virgin Islands. By orders 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") were appointed in respect of the two winding-up orders.

The 337 million shares attributable to PIV (the "PIV Charged Shares") have been pledged to Longway Services Group Limited ("Longway"), a wholly-owned subsidiary of Zhuhai Jiuzhou Tourism Group Company Limited (formerly named Zhuhai Jiuzhou Port Group Corporation) ("Zhuhai Jiuzhou Tourism 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.

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

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 this interim financial report.

As at 30 June 2009 and up to the date of this interim financial report, the Group has neither given financial assistance (such as loans or guarantees) to Zhu Kuan Macau, Zhu Kuan (HK), PIV or any of their subsidiaries and associates, nor has the Group received any financial assistance from Zhu Kuan Macau, Zhu Kuan (HK), PIV or any of their subsidiaries and associates. The major connected transactions made between (a) the Group on the one part and (b) the group of companies comprising Zhu Kuan Macau and Zhu Kuan (HK) and their respective subsidiaries (other than the Group) on the other part are certain lease arrangements under which the Group is the lessee. The subject premises of such lease arrangements are certain facilities (including villas, a health centre and recreational facilities) of Zhuhai Holiday Resort Hotel Co., Ltd., a subsidiary of the Company. Further details of such transactions are set out in note 17 to the interim financial report.

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

The interim financial report of the Group has been prepared 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 this interim financial report, the directors of the Company cannot give absolute assurance that the future business and financial operations of the Group will not be significantly affected if the conditions of the Settlement Agreement 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 this interim financial report.

1.2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements for the year ended 31 December 2008, and should be read in conjunction with the annual financial statements for the year ended 31 December 2008.

The condensed consolidated interim financial statements have been prepared under the historical cost convention. The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008 except as described by below. In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning on 1 January 2009.

HKFRSs (Amendments)	Improvements to HKFRSs April 2009
HKFRSs (Amendments)	Improvements to HKFRSs May 2008
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment — Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Financial Instruments: Disclosures — Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK (IFRIC) — Int 9 and HKAS 39 (Amendments)	Reassessment of Embedded Derivatives
HK (IFRIC) — Int 13	Customer Loyalty Programmes
HK (IFRIC) — Int 15	Agreement for the Construction of Real Estate
HK (IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation

The adoption of the new HKFRSs, except for HKFRSs (Amendments) "Improvements to HKFRSs April 2009" and HKAS 1 (Revised) "Presentation of Financial Statements" as described below, had no material effect on the results and financial position for the current or prior accounting periods which have been prepared and presented.

1.2 BASIS OF PREPARATION AND ACCOUNTING POLICIES *(continued)*

HKFRSs (Amendments) "Improvements to HKFRSs April 2009" — Amendment to HKAS 18 "Revenue"

As a result of the amendment to HKAS 18 "Revenue", it gives a clear guidance on revenue recognition and measurement for the entity acting as a principal and as an agent. As the amendment is to the Appendix of HKAS 18, no effective date or transitional provision is specified in the amendment. As a result of this amendment, the directors are of the opinion that the Group was acting as an agent, instead of as a principal, when organising tours and revenue netting off the respective costs, rather than the gross amount of revenue, should be recognised for the Group. The effect of the above changes is summarised below:

	Six months ended	
	30 June 2009	30 June 2008
	HK$'000	*HK$'000*
Condensed consolidated statement of income		
Decrease in revenue	**(25,383)**	(29,155)
Decrease in cost of services provided	**25,383**	29,155
Changes in profit for the period	**—**	—

HKAS 1 (Revised) "Presentation of Financial Statements"

HKAS 1 (Revised) separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the statement of comprehensive income which presents all items of recognised income and expense, either in one single statement or in two linked statements. The Group has elected to present two statements.

HKFRS 8 "Operating Segments"

HKFRS 8, which replaces HKAS 14 "Segment Reporting", specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. This standard requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. Adoption of this standard did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments previously identified under HKAS 14.

2. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating 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 operating segments.

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

	Hotel		Tourist attraction		Provision of port facilities and ticketing services		Corporate and others		Condensed consolidated	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	30 June 2009	30 June 2008	**30 June 2009**	30 June 2008	**30 June 2009**	30 June 2008	**30 June 2009**	30 June 2008	**30 June 2009**	30 June 2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited) (Restated)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited) (Restated)
Segment revenue:										
Sales to external customers	**54,595**	64,607	**22,598**	21,075	**23,973**	28,793	**–**	–	**101,166**	11 4,475
Segment results	**(5,287)**	(3,019)	**(10,090)**	(6,155)	**11,506**	14,138	**(4,251)**	269	**(8,122)**	5,233
Interest income									**2,157**	1,854
Share of profits less losses of a jointly-controlled entity	**–**	–	**–**	–	**13,906**	9,184	**–**	–	**13,906**	9,184
Profit before tax									**7,941**	16,271
Tax									**(4,132)**	(4,800)
Profit for the period									**3,809**	11,471

3. REVENUE

The Group's revenue represents proceeds from the provision of services, sales 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 period.

4. PROFIT BEFORE TAX

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

	Six months ended 30 June 2009 HK$'000 (Unaudited)	Six months ended 30 June 2008 HK$'000 (Unaudited) (Restated)
Cost of inventories sold	**12,654**	15,815
Cost of services provided	**72,447**	71,417
Amortisation of prepaid land lease payments	**3,756**	3,768
Amortisation of rights to use port facilities	**369**	391
Depreciation	**19,037**	16,863
Fair value losses/(gains) on securities measured at fair value through profit or loss, net	**(3,320)**	2,774
Losses on disposals of securities measured at fair value through profit or loss, net	**—**	2,306
Exchange gains, net	**(10)**	(10,897)
Gross and net rental income	**(5,339)**	(5,326)
Interest income	**(2,157)**	(1,854)

5. TAX

	Six months ended 30 June 2009 HK$'000 (Unaudited)	Six months ended 30 June 2008 HK$'000 (Unaudited)
Current period provision:		
Hong Kong	**—**	—
Elsewhere	**2,332**	2,557
Deferred *(note 15)*	**1,800**	2,243
	4,132	4,800

Hong Kong profits tax has not been provided because the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2008: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the tax jurisdictions in which the Group operates, based on existing legislation and interpretations and practices in respect thereof.

The share of tax attributable to a jointly-controlled entity amounting to HK$3,808,000 (six months ended 30 June 2008: HK$2,090,000) is included in the share of profit of a jointly-controlled entity on the face of the condensed consolidated income statement.

6. EARNINGS PER SHARE

The calculation of basic earnings per share for the period is based on the profit for the period of HK$2,883,000 (six months ended 30 June 2008: HK$10,127,000), and ordinary shares of 1,118,600,000 (six months ended 30 June 2008: 1,118,600,000) in issue during the period.

Diluted earnings per share amounts for the six months ended 30 June 2009 and 2008 have not been disclosed as there were no potential dilutive shares outstanding during the period.

7. AVAILABLE-FOR-SALE INVESTMENTS

	As at 30 June 2009 *HK$'000* **(Unaudited)**	As at 31 December 2008 *HK$'000* (Audited)
Hong Kong listed equity investment, at fair value	**7,600**	5,800
Unlisted equity investment, at cost	**709**	709
	8,309	6,509

8. PREPAYMENTS AND DEPOSITS

	Notes	**As at 30 June 2009** *HK$'000* **(Unaudited)**	As at 31 December 2008 *HK$'000* (Audited)
Rental prepayments		**4,575**	4,730
Deposit for the proposed acquisition of certain parcels of land	*(i)*	**88,446**	88,446
Prepayment and deposit for the proposed acquisition of a subsidiary	*(ii)*	**30,000**	31,556
		123,021	124,732

8. **PREPAYMENTS AND DEPOSITS** *(continued)*

Notes:

(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.

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 ended 31 December 2008, 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. During the current period, announcement dated 7 April 2009 was made by the Company and 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.

8. PREPAYMENTS AND DEPOSITS *(continued)*

Notes: (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 ended 31 December 2008. The Earnest Money was secured by, among others, the Vendor's 80% equity interest in the Target Company ("Share Charge"). 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.

Since the Company could not reach a mutually satisfied agreement with the Vendor on the terms of the Proposed Acquisition after undertaken detailed due diligence review on the Target Company, the Company has decided not to proceed with the Proposed Acquisition and the Letter of Intent was terminated accordingly. However, the Vendor has refused to refund the Earnest Money to the Company and unilaterally purported to revoke and cancel the Share Charge. Details of the above are set out in the Company's announcement dated 20 July 2009.

On 20 July 2009, the Company appointed joint and several receivers under the Share Charge in order to recover the Earnest Money from the Vendor.

On 23 July 2009 and 3 September 2009, the Company received a generally endorsed writ of summons ("Writ") issued by and a full statement of claim ("Claims") filed by the Vendor, respectively. Under the Writ and the Claims, the Vendor claimed against the Company, among other things: (i) damages for breach of the confidentiality undertaking signed between the Company and the Vendor before the entering into the Letter of Intent; (ii) damages for the wrongful enforcement of the Share Charge; and (iii) an order that there be a set-off of the claim for damages by the Vendor against the Earnest Money.

In the opinion of the directors, based on the legal advice obtained from the Company's legal advisers, the Vendor does not have sufficient grounds to his alleged claims and any resulting liabilities, if any, would not have any material adverse impact on the Group's financial position. The directors also considered that the Company has valid grounds to defend and counter claim against the Vendor for, among other things, the refund of the Earnest Money. Therefore, no provision in respect of the Claims was made as at 30 June 2009.

The Company will contest the proceedings and make further announcement or disclosure on the material progress of the litigation contemplated herein as and when appropriate.

9. SECURITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2009	As at 31 December 2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Listed equity investments in Hong Kong, at market value	**6,788**	3,483
Unlisted investment funds in the PRC, at fair value	**209**	194
	6,997	3,677

10. TRADE RECEIVABLES

	As at 30 June 2009	As at 31 December 2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**45,225**	38,432
Impairment	**(2,810)**	(2,810)
	42,415	35,622

A defined credit policy is maintained within the Group. The general credit terms range from one month to three months, except for certain well-established customers with a good repayment history, where the terms are extended to 18 months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed by senior management. Trade receivables are non-interest-bearing.

As at 30 June 2009, the Group had a receivable balance due from the Zhuhai Municipal Government, the major customer of the Group, arising from the use of the Group's hotel facilities amounting to approximately HK$33,186,000 (31 December 2008: HK$25,930,000). Such balance was included in trade receivables under current assets. The trade receivable with the Zhuhai Municipal Government was unsecured, interest-free and the credit term granted was as mentioned above.

10. TRADE RECEIVABLES *(continued)*

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

	As at 30 June 2009 ***HK$'000*** **(Unaudited)**	As at 31 December 2008 *HK$'000* (Audited)
Current to 3 months	**8,666**	13,342
4 to 6 months	**11,404**	3,451
7 to 12 months	**15,764**	13,958
Over 12 months	**6,581**	4,871
	42,415	35,622

Included in the above impairment allowance of trade receivables is an allowance for individually impaired trade receivables of approximately HK$2,810,000 (31 December 2008: HK$2,810,000) with a gross carrying amount of approximately HK$3,556,000 (31 December 2008: HK$3,556,000). The individually impaired trade receivables relate to customers that were in default or delinquency in payments and only a portion of the receivables is expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

11. DUE FROM A JOINTLY-CONTROLLED ENTITY

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

12. BALANCES WITH RELATED COMPANIES

Particulars of amounts due from related companies are as follows:

Name	Relationship	As at 30 June 2009 HK$'000 (Unaudited)	As at 31 December 2008 HK$'000 (Audited)
Macau-Mondial Travel & Tours Ltd.	Subsidiary of Zhu Kuan Macau	**5,398**	5,398
Zhuhai Special Economic Zone Hotel	Subsidiary of Zhu Kuan Macau	**458**	458
珠海市九洲郵輪有限公司	Subsidiary of Zhuhai Jiuzhou Tourism Group	**3,097**	—
		8,953	5,856
Impairment		**(5,856)**	(5,856)
		3,097	—

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

13. CASH AND CASH EQUIVALENTS

	As at 30 June 2009 HK$'000 (Unaudited)	As at 31 December 2008 HK$'000 (Audited)
Cash and bank balances	**215,379**	460,169
Time deposits with original maturity less than three months	**236,722**	17,006
	452,101	477,175

14. TRADE PAYABLES

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

	As at 30 June 2009 *HK$'000* **(Unaudited)**	As at 31 December 2008 *HK$'000* (Audited)
Current to 3 months	**8,953**	14,103
4 to 6 months	**1,171**	688
7 to 12 months	**2,074**	1,014
Over 12 months	**4,869**	2,387
	17,067	18,192

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

15. DEFERRED TAX LIABILITIES

	Revaluation of leasehold buildings *HK$'000*	**Withholding tax** *HK$'000*	**Total** *HK$'000*
30 June 2008			
At 1 January 2008	12,446	—	12,446
Deferred tax charged to the income statement during the period *(note 5)*	—	2,243	2,243
At 30 June 2008	12,446	2,243	14,689
30 June 2009			
At 1 January 2009	9,969	5,100	15,069
Deferred tax charged to the income statement during the period *(note 5)*	—	1,800	1,800
At 30 June 2009	9,969	6,900	16,869

16. SHARE CAPITAL

	As at 30 June 2009 *HK$'000* **(Unaudited)**	As at 31 December 2008 *HK$'000* (Audited)
Shares		
Authorised:		
2,000,000,000 shares of HK$0.10 each	**200,000**	200,000
Issued and fully paid:		
1,118,600,000 shares of HK$0.10 each	**111,860**	111,860

17. MATERIAL RELATED PARTY TRANSACTIONS

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

Name	*Notes*	**Nature**	**Six months ended 30 June 2009** *HK$'000* **(Unaudited)**	30 June 2008 *HK$'000* (Unaudited)
Zhuhai Holiday Resort Co., Ltd. (the "ZH Resort")	*(i)*	Rental expenses	**4,250**	4,416
Ferry Company	*(ii)*	Port service fees	**15,702**	20,901
Zhuhai Jiuzhou Tourism Group	*(iii)*	Rental expenses	**2,179**	2,410
China Marine Bunker Supply Company Jiuzhou Branch	*(iv)*	Diesel fuel expenses	**3,016**	4,075

17. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

Notes:

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

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

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

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

18. CONTINGENT LIABILITIES

At the balance sheet date, the Group had no significant contingent liabilities (31 December 2008: Nil).

19. OPERATING LEASE ARRANGEMENTS

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

	As at 30 June 2009 *HK$'000* **(Unaudited)**	As at 31 December 2008 *HK$'000* (Audited)
Within one year	**10,935**	9,989
In the second to fifth year, inclusive	**37,529**	36,509
After five years	**250,912**	255,454
	299,376	301,952

20. COMMITMENTS

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

	As at 30 June 2009 ***HK$'000*** **(Unaudited)**	As at 31 December 2008 *HK$'000* (Audited)
Capital commitments contracted for:		
Acquisition of items of property, plant and equipment	**21,368**	31,118
Acquisition of the Hotel Land	**14,628**	14,628
	35,996	45,746

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

	As at 30 June 2009 ***HK$'000*** **(Unaudited)**	As at 31 December 2008 *HK$'000* (Audited)
Contracted, but not provided for	**17,666**	20,758

21. COMPARATIVE AMOUNTS

As further explained in note 1.2 to the condensed consolidated financial statements, due to the adoption of HKFRSs (Amendments) during the current period, amounts of revenue and cost of services provided for the six months ended 30 June 2008 have been restated to comply with the new guidance.

22. APPROVAL OF THE INTERIM FINANCIAL REPORT

This unaudited interim financial report was approved and authorised for issue by the board of directors on 23 September 2009.

MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION

Management Discussion and Analysis

Business Review

For the six months ended 30 June 2009, the unaudited consolidated revenue of the Group amounted to approximately HK$101,166,000 and the unaudited consolidated net profit attributable to shareholders was approximately HK$2,883,000, representing a decrease of approximately 12% and 72% respectively as compared to the same period last year. During the period under review, the operating environment of the Group was still affected by the global financial turmoil and the economic slowdown, and there was the spread of type A H1N1 influenza. All these have seriously distressed the tourism and marine passenger transportation businesses of the Group. Despite a number of retrenchment policies adopted by the Group and the reinforcement in sales expansion during the period, the overall results of operations were unsatisfactory amid the poor macro environment.

1. *Marine passenger transportation and port business*

   For marine passenger transportation business, the far-reaching negative impact of the financial tsunami together with the spread of the type A H1N1 influenza brought negative effects to passenger volume. During the period under review, 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 805,000 and 234,000 respectively, representing a decrease of approximately 10% and 20% as compared with the same period last year. On the other hand, as the Ferry Company was benefited from the falling fuel price, its operating costs were reduced significantly and therefore its operating profits increased by more than 50% over the same period last year. In respect of the port business, the operating revenue derived from the ticket agency and from the use of pier facilities businesses of Zhuhai Jiuzhou Port Passenger Transport Service Co., Ltd. ("Jiuzhou Port Passenger Transport Company") recorded a decrease of approximately 17% as compared to the same period last year, which was mainly due to the decrease in the number of passenger trips of the ferry services between Zhuhai and Hong Kong, and Zhuhai and Shekou by approximately 24% and 17% respectively as compared with those in the same period last year.

Management Discussion and Analysis *(Continued)*

Business Review *(Continued)*

2. *Hotel business*

During the period under review, the average occupancy rate of our hotel decreased approximately 18% as compared to the same period last year. The income from room and catering services rendered by our resort hotel during the period under review decreased approximately 9% and 19% respectively as compared to the same period last year. Such decrease was mainly due to the fall in the number of visitors, conference tours, travel tours and individual customers as a result of the spread of financial crisis. In addition, both the consumption propensity and spending ability of visitors were on a falling trend, resulting in a low related income.

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

During this period under review, the number of visitors of the New Yuanming Palace was approximately 359,000, representing an increase of approximately 30% over the same period last year. The Fantasy Water World mainly operates for six months a year, namely from May to October each year. For the remaining months, it is only opened partially for the operation of the winter event – Happy Castle due to low temperature. The operating results for the period included only the operation during the first two months, namely May and June, during which the number of visitors was approximately 50,000, representing an increase of approximately 39% over the same period last year. The above increase in the number of visitors in the two tourist attractions was mainly due to a substantial reduction on the ticket price (especially the price of night tickets) as a promotion initiative by the management. However, due to the aging facilities in the tourist attractions of the two parks, the maintenance fee also increased. Besides, as additions in new attractions were required from time to time such as lights exhibitions and greater effort was put into promotion to attract more tourists, an increase in the operating costs was inevitable. As a result, the performance of the tourist attractions decreased as compared to the same period last year.

Management Discussion and Analysis *(Continued)*

Business Review *(Continued)*

4. Others

During the period under review and especially in the second quarter, the stock markets in Mainland China and Hong Kong showed a rebounding trend from the end of the previous year, resulting in a fair value gain measured at fair value through profit or loss totaled to approximately HK$3,320,000 during the period, whereas a loss on disposal of and fair value losses on securities measured at fair value through profit or loss of approximately HK$5,080,000 was recorded during the same period last year. On the other hand, as the exchange rate between Renminbi ("RMB") and Hong Kong dollar remained steady during this period under review, no significant exchange gain was resulted during the period, while an exchange gain of approximately HK$10,897,000 was recorded during the same period last year due to the continuous appreciation of RMB against Hong Kong dollar.

Prospects

Despite signs of global economic recovery, the outlook remains unstable as financial crisis and economic downturn persist. It is expected that the tourism and marine passenger transportation businesses of the Group will still face challenges. The Group will strive to enhance its operating efficiency, reinforce cost control, integrate internal resources and explore new businesses or projects to cope with the challenges of the current operating environment.

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 (the "Possible Vendor") 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 foreign-owned enterprise established in the People's Republic of China (the "PRC"). The enterprise is primarily engaged in the operation and management of a golf club, a gun club, a hunting area, a hotel and a sport training center in Zhuhai.

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

Prospects *(Continued)*

Pursuant to the Letter of Intent, an amount of HK$30,000,000 (equivalent to RMB26,000,000) 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 80% of the shares of the Target Company ("Share Charge", please refer to the announcement of the Company dated 10 September 2008 for details).

Since the Company could not reach a mutually satisfied agreement with the Possible Vendor on the terms of the Proposed Acquisition after undertaken detailed due diligence review on the Target Company, the Company has decided not to proceed with the Proposed Acquisition and the Letter of Intent was terminated accordingly. However, the Possible Vendor has refused to refund the earnest money to the Company and unilaterally purported to revoke and cancel the Share Charge.

On 20 July 2009, the Company appointed Mr. Cosimo Borrelli and Mr. Michael Chan of Borrelli Walsh Limited as Joint and Several Receivers ("Receivers") under the Share Charge to the 80% charged shares in the capital of the Target Company pursuant to its terms.

The Company received a generally endorsed writ of summons ("Writ") issued by and a full statement of claim ("Claims") filed by the Possible Vendor on 23 July 2009 and 3 September 2009 respectively. Under the Writ/Claims, the Possible Vendor claimed against the Company, among other things: (i) damages for breach of the Confidentiality Undertaking (signed between the Company and the Possible Vendor before the entering of the Letter of Intent) and/or the Letter of Intent; (ii) damages for the wrongful enforcement of the Share Charge; and (iii) an Order that there be a set-off of the claim for damages by the Possible Vendor against the earnest money.

In the opinion of the Directors, based on the legal advice obtained from the Company's legal advisers, the Possible Vendor does not have sufficient grounds to his alleged claims and any resulting liabilities, if any, would not have any material adverse impact on the Group's financial position. The Directors also considered that the Company has valid grounds to defend and counter claim against the Possible Vendor for, among other things, the refund of the earnest money. Therefore, no provision in respect of such Claims was made for the six months ended 30 June 2009.

Prospects *(Continued)*

The Company will contest the proceedings and will make further announcement or disclosure on the material progress of the litigation contemplated herein as and when appropriate.

As disclosed in the 2008 annual report of the Company and pursuant to the announcement dated 7 April 2008, on 5 August 2006, (1) the Debt Restructuring Agreement was made between, among other parties, Zhu Kuan Macau, Zhu Kuan HK, the liquidators and Zhuhai Guoyuan; and (2) the Settlement Agreement was made between, among other parties, Zhu Kuan Macau, PIV, Longway and the liquidators. To the knowledge of the Directors, 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.

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 25 September 2009.

Liquidity and Financial Resources

The Group generally finances its operations with internally generated cashflow and banking facilities provided by its principal bankers in the PRC. As at 30 June 2009, the Group has no outstanding banking borrowings (31 December 2008: Nil). The Group's cash and bank balances and short term bank deposits as at 30 June 2009 amounted to approximately HK$452.1 million (31 December 2008: HK$477.2 million), of which approximately HK$442.2 million (31 December 2008: HK$450.6 million) were denominated in RMB and the remaining were all in Hong Kong dollars. In addition, the Group held short term investments in financial instruments of approximately HK$7 million as at 30 June 2009 (31 December 2008: HK$3.7 million) of which approximately HK$0.2 million were denominated in RMB (31 December 2008: HK$0.2 million) and the remaining were all in Hong Kong dollars. 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 30 June 2009 and 31 December 2008 respectively, and based on the total bank borrowings in relation to shareholders' fund, the Group's gearing ratio as at 30 June 2009 and 31 December 2008 respectively was zero.

Contingent Liabilities

As at 30 June 2009, the Group had no significant contingent liabilities.

Future Plans for Material Investments or Capital Assets

As at 30 June 2009, the Group had no future plans for material investments or capital assets except for those disclosed under the heading "Management Discussion and Analysis — Prospects" as stated aforesaid.

Foreign Exchange Exposure

Most of the businesses of the Group are operated in Mainland China, 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 30 June 2009, the number of issued ordinary shares was 1,118,600,000 shares in aggregate and the shareholders' equity of the Group was approximately HK$1,272 million.

Material Investment Held, Significant Acquisition and Disposals

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

Number and Remuneration of Employees

The number and remuneration of employees of the Group has not changed materially from the information disclosed in the latest annual report for the year ended 31 December 2008.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SHARE OPTION SCHEME

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

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

SHARE OPTION SCHEME *(Continued)*

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

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

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

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

As at 1 January 2009 and 30 June 2009, no share options were outstanding and no share options were granted, exercised, cancelled or lapsed under the Scheme during the period under review.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2009, the interests and short positions of the directors in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("the Model Code"), were as follows:

Long Positions in shares of the Company

Ordinary Shares of HK$0.10 each of the Company:

Name of directors	Number of shares directly and beneficially owned
Mr. Zhu Lifu (Resigned on 22 July 2009)	2,250,000
Mr. Gu Zengcai	1,000,000
Mr. Jin Tao (Resigned on 22 July 2009)	1,602,000
Mr. Hui Chiu Chung	500,000
Mr. Chu Yu Lin, David	2,700,000
Mr. Albert Ho	250,000
	8,302,000

Save as disclosed above, as at 30 June 2009, none of the directors had registered any interests and short positions in the shares and underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2009, the following interests of 5% or more in the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

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

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

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

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

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

Save as disclosed above, as at 30 June 2009, 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 and underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the latest corporate governance report (the "CG Report") which was published in our 2008 Annual Report dated 17 April 2009, it was reported that the Company had complied with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") save for the following:

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

Save as disclosed above, the Company had complied with the code provisions set out in the CG Code during the six months ended 30 June 2009.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. All directors of the Company have confirmed, immediately following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2009.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the CG Code for the purpose of reviewing and providing supervision over the financial reporting process and internal controls of the Group. The audit committee comprises the three independent non-executive directors and the non-executive director of the Company. The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2009 has been reviewed by the audit committee and the Company's auditors, Ernst & Young.

INTERIM DIVIDEND

The Board of Directors does not recommend the payment of any interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

By Order of the Board of Directors
Chen Yuanhe
Chairman

Hong Kong, 23 September 2009