

Golden  Resorts
黃金集團

Golden Resorts Group Limited
黃金集團有限公司

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

INTERIM REPORT 2010



CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman and Non-executive Director

Mr. Chu, Nicholas Yuk-yui

Executive Directors

Dr. Chu Yuet Wah

(Chief Executive Officer)

Mr. Wong Hin Shek

Independent Non-executive Directors

Dr. Wong Yun Kuen

Mr. Lau Man Tak

Mr. Yu Peter Pak Yan

COMPANY SECRETARY

Mr. Lai Yick Fung

AUDITORS

Graham H Y Chan & Co

Unit 1, 15th Floor, The Centre

99 Queen's Road Central

Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China

Chong Hing Bank Limited

Bank of China (Hong Kong) Limited

HONG KONG LEGAL ADVISERS

Kirkpatrick & Lockhart Preston Gates Ellis

35/F., Two International Finance Centre

8 Finance Street, Central

Hong Kong

BERMUDA LEGAL ADVISERS

Conyers Dill & Pearman

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Hong Kong

REGISTERED OFFICE

Clarendon House

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Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2809, 28th Floor

One International Finance Centre

1 Harbour View Street, Central

Hong Kong

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Butterfiled Fulcrum Group

(Bermuda) Limited

Rosebank Centre

11 Bermudian Road

Pambroke HM08

Bermuda

BRANCH SHARE REGISTRARS AND TRANSFER OFFICE IN HONG KONG

Tricor Abacus Limited

26/F., Tesbury Centre

28 Queen's Road East, Wan Chai

Hong Kong

STOCK CODE

1031

WEBSITE

<http://www.goldenresortsgroup.com>

MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Directors (“the Board”) of Golden Resorts Group Limited (“the Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, “the Group”) for the six months ended 30 June 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is principally engaged in the provision of entertainment and hospitality services in Macau. During the period under review, the Group enjoyed the turnaround from the resilience in the global economy. In particular, the performance of gaming and tourism industry in Macau was remarkable, leading to the improvement in the Group’s results generated from its core business.

The Group’s unaudited turnover was approximately HK\$242 million for the six months ended 30 June 2010, representing a significant revenue growth of approximately 42% as compared with approximately HK\$171 million in the corresponding period of year 2009.

The adjusted EBITDA of the operating segments for the six months ended 30 June 2010 amounted to approximately HK\$106,032,000 (2009: HK\$71,809,000), representing a significant growth of 48% in the operating results. Under the extensive efforts of the management team, the performance of the hotel business and gaming business were both exciting.

The unaudited net profit attributable to the Company’s shareholders amounted to approximately HK\$15 million (2009: HK\$75 million). The basic earnings per share for the six months ended 30 June 2010 was HK0.16 cents (2009: HK1.01 cents).

BUSINESS AND FINANCIAL REVIEW

Hotel Business

The Group’s hotel operation, mainly comprised of hotel rooms, food and beverage sale and other rental income, experienced considerable increment compared to the corresponding period in year 2009. The revenue for the six months ended 30 June 2010 amounted to HK\$72 million (2009: HK\$48 million). Hotel business contributed 30% (2009: 28%) of total turnover. During the period under review, the average occupancy rate of the two hotels was over 70%. The daily room rate for both hotels also increased as compared to the corresponding period in year 2009. The growing demand for newly renovated guest rooms has proved our continuous room renovation a success, leading to improved room rates and occupancy rate.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW *(Continued)*

Gaming Business

The Group's casino operation is run by the licence holder Sociedade de Jogos de Macau, S.A.. The two casinos consistently provided solid contributions to the Group in line with the rapid development of the gaming industry in Macau. To retain quality customers and attract potential ones, the Group strengthened its membership programmes and provided a variety of incentives for members to increase their spending in the casinos as well.

Casino revenue, including gaming revenue and food and beverage sale in casino, amounted to HK\$170 million for the six months ended 30 June 2010 (2009: HK\$123 million) representing a jump of 38% from the corresponding period in year 2009. Casino revenue accounted for 70% (2009: 72%) of total turnover.

As at 30 June 2010, the Group has 65 tables in the 2 mass market halls, 8 tables in the 2 self-managed VIP rooms and 206 slot machines in the 2 slot halls. With all these well equipped gaming facilities, the Group continued to benefit from this stable source of revenue from the Macau market.

Trading of listed securities

The global equity market had been stagnant during the first half of year 2010. Accordingly, the market value of the trading securities recorded a revaluation deficit of approximately HK\$8 million during the period under review (2009: revaluation gain of HK\$76 million). As at the end of reporting period, the Group was holding trading securities of approximately HK\$145 million in value.

Cost of sales

Cost of sales mainly represents the cost of guest supplies and food and beverage consumed upon provision of accommodation and catering services to the customers. During the period under review, it increased from approximately HK\$6.0 million to approximately HK\$7.8 million. The increase was in line with the improvement in the hotel business.

Operating cost

Operating cost mainly represents the payroll and other operating expenses in the hotel business and commission expenses in the gaming business. During the period under review, it increased from HK\$80 million to HK\$112 million. The increase was mainly due to the improved business and the raised commission rates to chips rolling in order to enhance the competitiveness of the gaming business. As a result, the revenue was up considerably.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW *(Continued)*

Administrative expenses

During the period under review, administrative expenses increased from approximately HK\$74 million to HK\$80 million. It was mainly due to the increase in share-based payment to certain consultants pursuant to share options granted to them. Other expense items were being monitored under strict control.

FUTURE PROSPECTS

The Group continuously pursues various marketing and promotion activities through the comprehensive membership programmes. Our guests enjoy impressive services within the Group's properties with the use of our casino package. In view of the consistent growth in membership base of the programmes, the Group will further enhance the programmes to attract new customers.

The newly renovated guest rooms have proved to be in popular demand and the Group will continue to invest in this area to pave the way for revenue enhancement. The Group will also further strengthen its relationship with travel agencies and offer packages and joint promotions with business partners so as to broaden the scope of customers of the two hotels.

CAPITAL STRUCTURE

During the six months ended 30 June 2010, a consultant exercised his options to subscribe for 16,000,000 new shares of the Company.

During the six months ended 30 June 2010, a number of registered holders of warrants of the Company subscribed for 1,435,680,377 new shares of the Company.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 30 June 2010, the shareholders' fund and net current assets of the Group amounted to approximately HK\$3,747 million and HK\$1,459 million respectively. On the same date, the Group had cash and bank balances of approximately HK\$1,242 million and the current ratio was 37.3 (31 December 2009: 20.9).

As at 30 June 2010, the Group did not have any borrowing. The net gearing ratio is measured on the basis of total borrowings less bank and cash balances over net assets. As the Group was in net cash position, no net gearing ratio is presented.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

No material contingent liabilities of the Group were noted as at 30 June 2010.

FOREIGN CURRENCY EXPOSURE

As the Group's hotel revenues are mostly denominated in Macau Patacas ("MOP"), and given the exchange rate of MOP has been fairly stable, its exposure to exchange rate risk is considered to be limited.

EMPLOYEES

As at 30 June 2010, the Group employed a total of approximately 700 staff. The employees' remuneration, promotion and salary adjustment are assessed based on their work performance, working and professional experiences and the prevailing market condition.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

		(Unaudited)	
		Six months ended 30 June	
		2010	2009
	Note	HK\$'000	HK\$'000
Revenue	3	241,993	171,227
Cost of sales		(7,798)	(5,968)
Operating cost		(112,021)	(80,486)
Gross profit		122,174	84,773
Other income		8,185	3,046
Fair value (loss)/gain on trading securities		(7,544)	76,342
Administrative expenses		(80,013)	(74,093)
Staff costs	4	(26,472)	(14,694)
Profit before taxation	5	16,330	75,374
Taxation	6	–	–
Total comprehensive income and profit for the period		16,330	75,374
Attributable to:			
Owners of the Company		14,663	75,361
Non-controlling interests		1,667	13
		16,330	75,374
Earnings per share for profit attributable to owners of the Company	8		
– Basic		0.16 cents	1.01 cents
– Diluted		0.15 cents	1.01 cents

Details of dividends payable to owners of the Company are set out in note 7.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

		30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000 (Restated)
Non-current assets			
Property, plant and equipment	9	2,287,015	2,305,632
Deferred tax assets		5,575	5,575
Deposit for hotel renovation		–	4,121
		2,292,590	2,315,328
Current assets			
Inventories	10	1,930	2,105
Available-for-sale investments	11	4,047	4,047
Trading securities		145,065	152,609
Loan receivables	12	56,103	76,751
Trade and other receivables	13	50,340	50,261
Cash and bank balances		1,241,708	651,630
		1,499,193	937,403

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

		30 June 2010 (Unaudited) HK\$'000	31 December 2009 (Audited) HK\$'000 (Restated)
	<i>Note</i>		
Current liabilities			
Trade and other payables	14	40,153	44,218
Borrowings	15	–	597
		40,153	44,815
Net current assets		1,459,040	892,588
Net assets		3,751,630	3,207,916
Capital and reserves			
Share capital	16	103,194	88,678
Reserves		3,644,229	3,116,698
Total equity attributable to owners of the Company		3,747,423	3,205,376
Non-controlling interests		4,207	2,540
Total equity		3,751,630	3,207,916

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

	Equity attributable to owners of the Company										Non-controlling interests	Total equity
	Share capital	Capital redemption reserve	Share premium account	Share-based payment reserve	Contributed surplus	Property revaluation reserve	Investment revaluation reserve	Exchange fluctuation reserve	Retained earnings	Total		
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 1 January 2009 (audited)	73,863	274	1,650,305	8,512	814	716,344	1,372	235	370,674	2,822,393	2,568	2,824,961
Total comprehensive income for the period	-	-	-	-	-	-	-	-	75,361	75,361	13	75,374
Realised upon depreciation based on revalued amount of land and building	-	-	-	-	-	(8,668)	-	-	8,668	-	-	-
Issue of share	14,770	-	250,662	-	-	-	-	-	-	265,432	-	265,432
Share-based payments	-	-	-	6,977	-	-	-	-	-	6,977	-	6,977
Forfeiture of share options	-	-	-	(40)	-	-	-	-	40	-	-	-
Payment of dividends	-	-	-	-	-	-	-	-	(73,863)	(73,863)	-	(73,863)
At 30 June 2009 (unaudited)	88,633	274	1,900,967	15,449	814	707,676	1,372	235	380,880	3,096,300	2,581	3,098,881

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

	Equity attributable to owners of the Company											
	Capital Share redemption capital	Share premium reserve	Share-based payment account	Share-based reserve	Contributed surplus	Property revaluation reserve	Investment revaluation reserve	Exchange fluctuation reserve	Retained earnings	Total	Non- controlling 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
At 1 January 2010 (audited)												
As originally reported	88,678	274	1,902,253	13,172	814	642,569	1,740	235	551,151	3,200,886	2,540	3,203,426
Effects of adoption of amendment to HKAS 17	-	-	-	-	-	2,819	-	-	1,671	4,490	-	4,490
As restated	88,678	274	1,902,253	13,172	814	645,388	1,740	235	552,822	3,205,376	2,540	3,207,916
Total comprehensive income for the period	-	-	-	-	-	-	-	-	14,663	14,663	1,667	16,330
Realised upon depreciation based on revalued amount of land and building	-	-	-	-	-	(8,116)	-	-	8,116	-	-	-
Issue of share under share option scheme	160	-	3,036	(700)	-	-	-	-	-	2,496	-	2,496
Issue of share by warrant subscription	14,356	-	488,131	-	-	-	-	-	-	502,487	-	502,487
Share-based payments	-	-	-	22,401	-	-	-	-	-	22,401	-	22,401
Forfeiture of share options	-	-	-	(35)	-	-	-	-	35	-	-	-
At 30 June 2010 (unaudited)	103,194	274	2,393,420	34,838	814	637,272	1,740	235	575,636	3,747,423	4,207	3,751,630

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2010

	(Unaudited)	
	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Net cash from operating activities	85,002	64,924
Net cash from/(used in) investing activities	690	(2,214)
Net cash from financing activities	504,983	191,569
Net increase in cash and cash equivalents	590,675	254,279
Cash and cash equivalents at 1 January	651,033	402,645
Cash and cash equivalents at 30 June	1,241,708	656,924
Analysis of balances of cash and cash equivalents		
Time deposits	1,182,334	567,557
Cash held in securities accounts maintained in securities company	990	46,547
Cash at bank and in hand	58,384	46,495
Cash and bank balances	1,241,708	660,599
Bank overdrafts	-	(3,675)
Cash and cash equivalents in the condensed consolidated statement of cash flows	1,241,708	656,924

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

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

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The condensed interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA"). These condensed interim financial statements have been reviewed by the Audit Committee of the Company and were approved by the board of directors on 30 August 2010.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES *(Continued)*

The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2009. The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009, except for the adoption of new and revised Standards, Amendments and Interpretations ("new HKFRSs") issued by the HKICPA, which are effective for accounting periods beginning on or after 1 January 2010, noted below:

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoptions of HKFRS
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented, except for the adoption of the amendment to HKAS 17 "Leases".

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES *(Continued)*

The amendment to HKAS 17 made under "Improvements to HKFRSs 2009" removes the specific guidance which stated that land held under a lease should be classified as an operating lease unless title to the land is expected to pass at the end of the lease term. It provides new guidance which indicates that entities should use judgment to decide whether the lease transfers the significant risks and rewards of ownership of the land in accordance with the criteria set out in HKAS 17. An entity shall reassess the classification of land elements of unexpired leases at the date it adopts the amendments on the basis of information existing at the inception of the lease.

On the adoption of this amendment, the Group has made a reassessment of the existing land lease arrangement and concluded that such arrangement has substantially transferred all risks and rewards incidental to ownership of the leased land to the Group notwithstanding that at the end of the lease term, title will not be passed to the Group. As a result, the Group has reclassified prepaid land lease payments to property, plant and equipment. Before the amendment, these leases were recorded at historical cost and amortised over the term of the lease. With these leases reclassified to property, plant and equipment, they are carried at valuation and depreciated over the unexpired term of lease. All the changes arising on the revaluation of the leases are generally dealt with in other comprehensive income and are accumulated separately in equity in the property revaluation reserve. The Group has retrospectively applied this amendment.

The effects of adoption of amendment to HKAS 17 described above on the results for the current and prior periods are as follows:

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Increase in depreciation	9,128	7,814
Decrease in amortisation on prepaid lease payments	(9,471)	(7,814)
	343	-
Increase in profit for the period	343	-
	- cents	- cents
Increase in basic and diluted earnings per share	- cents	- cents

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

The effects of adoption of amendment to HKAS 17 described above on the consolidated statement of financial position are as follows:

	Previous accounting policies HK\$'000	Effects of adoption of amendment to HKAS 17 HK\$'000	As restated HK\$'000
At 31 December 2009 and 1 January 2010			
Property, plant and equipment	1,569,405	736,227	2,305,632
Prepaid lease payments			
– current	21,306	(21,306)	–
– non-current	710,431	(710,431)	–
	<u>2,301,142</u>	<u>4,490</u>	<u>2,305,632</u>
Property revaluation reserve	642,569	2,819	645,388
Retained earnings	551,151	1,671	552,822
	<u>1,193,720</u>	<u>4,490</u>	<u>1,198,210</u>
At 30 June 2010			
Property, plant and equipment	1,559,917	727,098	2,287,015
Prepaid lease payments			
– current	19,100	(19,100)	–
– non-current	703,165	(703,165)	–
	<u>2,282,182</u>	<u>4,833</u>	<u>2,287,015</u>
Property revaluation reserve	634,511	2,761	637,272
Retained earnings	573,564	2,072	575,636
	<u>1,208,075</u>	<u>4,833</u>	<u>1,212,908</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES *(Continued)*

The Group has not early applied the following new and revised Standards, Amendments and Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ¹
HKAS 24 (Revised)	Related Party Disclosures ¹
HKAS 32 (Amendment)	Classification of Rights Issues ²
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters ³
HKFRS 9	Financial Instruments ⁴
HK (IFRIC) – INT 14 (Amendment)	Prepayment of a Minimum Funding Requirement ¹
HK (IFRIC) – INT 19	Extinguishing Financial Liabilities with Equity Instrument ³

¹ Effective for annual periods beginning on or after 1 January 2011.

² Effective for annual periods beginning on or after 1 February 2010.

³ Effective for annual periods beginning on or after 1 July 2010.

⁴ Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 “Financial Instruments” introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 “Financial Instruments: Recognition and Measurement” to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group’s financial assets.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- (a) Hotel ownership and management segment is the operation of hotels and provision of hotel management services.
- (b) Food and beverage segment is the operation of restaurants in hotels.
- (c) Casino segment is the operation of casino in hotels.
- (d) Securities investment segment is the trading of listed securities.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on a measure of adjusted earnings before interest, income tax, depreciation and amortisation (EBITDA). Interest income and expenditure are not included in the result of each operating segment that is reviewed by the management. Other information provided, except as noted below, to the management is measured in a manner consistent with that in the financial statements.

Revenue between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external customers reported to the management is measured in a manner consistent with that in the condensed consolidated interim statement of comprehensive income.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENTAL INFORMATION (Continued)

Operating segments

The following tables present segment information of the Group provided to the Group's management for the six months ended 30 June 2010 and 2009.

For the six months ended 30 June 2010 (unaudited)

	Hotel ownership and management	Food and beverage	Casino	Securities investment	Total reportable segment	Elimination	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue							
External customers	55,519	16,304	170,170	-	241,993	-	241,993
Inter-segment	15,441	-	-	-	15,441	(15,441)	-
Total revenue	70,960	16,304	170,170	-	257,434	(15,441)	241,993
Adjusted EBITDA	44,027	(2,375)	63,415	965	106,032	-	106,032
Other income							1,478
Interest income							5,742
Corporate overhead							(15,245)
Depreciation							(49,984)
Expenses in relation to the grant of share option							(22,401)
Impairment loss on trade and other receivables							(1,748)
Fair value loss on trading securities							(7,544)
Profit before taxation							16,330

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENTAL INFORMATION *(Continued)*

Operating segments *(Continued)*

For the six months ended 30 June 2009 (unaudited) (restated)

	Hotel ownership and management HK\$'000	Food and Beverage HK\$'000	Casino HK\$'000	Securities investment HK\$'000	Total reportable segment HK\$'000	Elimination HK\$'000	Total HK\$'000
Revenue							
External customers	32,338	15,555	123,334	-	171,227	-	171,227
Inter-segment	12,000	-	-	-	12,000	(12,000)	-
Total revenue	44,338	15,555	123,334	-	183,227	(12,000)	171,227
Adjusted EBITDA	20,869	(3,152)	53,438	654	71,809	-	71,809
Other income							504
Interest income							1,957
Corporate overhead							(16,008)
Depreciation							(52,253)
Expenses in relation to the grant of share option							(6,977)
Fair value gain on trading securities							76,342
Profit before taxation							75,374

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENTAL INFORMATION *(Continued)*

The following tables present segment assets of the Group's operating segments as at 30 June 2010 and 31 December 2009

As at 30 June 2010 (unaudited)

	Hotel ownership and management HK\$'000	Food and beverage HK\$'000	Casino HK\$'000	Securities investment HK\$'000	Total HK\$'000
Segment assets	1,717,450	468,058	839,988	146,057	3,171,553
Unallocated corporate assets					554,505
Loan receivables					56,103
Deferred tax assets					5,575
Available-for-sale investments					4,047
					<u><u>3,791,783</u></u>

As at 31 December 2009 (audited) (restated)

	Hotel ownership and management HK\$'000	Food and beverage HK\$'000	Casino HK\$'000	Securities investment HK\$'000	Total HK\$'000
Segment assets	1,613,676	559,384	746,756	155,649	3,075,465
Unallocated corporate assets					90,893
Loan receivables					76,751
Deferred tax assets					5,575
Available-for-sale investments					4,047
					<u><u>3,252,731</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. STAFF COSTS

	(Unaudited)	
	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Staff costs (including directors' remuneration)		
– salaries, wages and other benefits	41,822	42,286
– contributions to defined contribution retirement plan	98	104
– equity-settled share-based payment expenses in relation to the grant of share options	12,601	480
	54,521	42,870
Amount shown as staff costs in the condensed consolidated statement of comprehensive income	26,472	14,694
Staff costs included in operating costs in the condensed consolidated statement of comprehensive income	28,049	28,176
	54,521	42,870

5. PROFIT BEFORE TAXATION

The profit before taxation has been arrived at after charging the following:

	(Unaudited)	
	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
		(Restated)
Impairment loss on trade and other receivables	1,748	–
Depreciation	49,984	52,253

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. TAXATION

No provision for Hong Kong profits tax has been made for six months ended 30 June 2010 as the Group has no assessable profit for the period (six months ended 30 June 2009: nil).

No provision for Macau Complementary Tax has been made as the subsidiaries operating in Macau has no assessable profit for the period (six months ended 30 June 2009: nil).

7. DIVIDENDS

(Unaudited)	
Six months ended 30 June	
2010	2009
HK\$'000	HK\$'000

No dividend was paid during the six months ended 30 June 2010 (Final dividend of HK 1 cent per share for the year ended 31 December 2008 was paid during the six months ended 30 June 2009)

–	73,863
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The board does not recommend the payment of any interim dividend for the six months ended 30 June 2010 (six months ended 30 June 2009: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. EARNINGS PER SHARE

	(Unaudited)	
	Six months ended 30 June	
	2010	2009
	HK cent	HK cent
Basic earnings per share	0.16	1.01
Diluted earnings per share	0.15	1.01

(a) Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	(Unaudited)	
	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Profit for the purpose of basic earnings per share	14,663	75,361
Weighted average number of ordinary shares for the purposes of basic earnings per share	9,047,720,307	7,451,605,591

30 June 2010 30 June 2009

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. EARNINGS PER SHARE *(Continued)*

(b) Diluted earnings per share

The earnings used in the calculation of diluted earnings per share are the same as those for basic earnings per share, as outlined above.

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	(Unaudited)	
	Six months ended 30 June	
	2010	2009
Weighted average number of ordinary shares used in the calculation of basic earnings per share	9,047,720,307	7,451,605,591
Shares deemed to be issued for no consideration in respect of:		
– Share options	353,876,899	–
– Warrants	268,582,174	–
	9,670,179,380	7,451,605,591

For the period ended 30 June 2009, share options and warrants had no dilutive effect as the average market price of ordinary shares during that period did not exceed the exercise price of the share options and warrants.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group's acquisition of property, plant and equipment amounted to HK\$31,367,000 (six months ended 30 June 2009: HK\$4,863,000).

10. INVENTORIES

	30 June 2010 (unaudited) HK\$'000	31 December 2009 (audited) HK\$'000
Food and beverage	1,930	2,105

11. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2010 (unaudited) HK\$'000	31 December 2009 (audited) HK\$'000
Investment funds, at fair value	4,047	4,047

The available-for-sale investments are denominated in United States dollars and there is no public market for the investments. Changes in fair value of available-for-sale investments are recognised in investment revaluation reserve.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. LOAN RECEIVABLES

	30 June 2010 (unaudited) HK\$'000	31 December 2009 (audited) HK\$'000
Loan receivables	56,103	76,751

Loan receivables represent advances to an independent third party. The loan is secured by legal charge on the entire shares in the borrower and entire shareholdings of the borrower in its subsidiaries, and personal guarantees executed by a director of the borrower and a director of another equity owner of a subsidiary of the borrower. During the period under review, approximately HK\$24,059,000 of principal and interest has been repaid. The Group has granted extension to the borrower to repay the outstanding principal at a later date for upfront collection of interest, with a view to further evaluate alternative proposals put up by the borrower.

13. TRADE AND OTHER RECEIVABLES

	30 June 2010 (unaudited) HK\$'000	31 December 2009 (audited) HK\$'000
Trade receivables	41,566	42,519
Other receivables, deposits and prepayments	8,774	7,742
	50,340	50,261

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. TRADE AND OTHER RECEIVABLES *(Continued)*

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

	30 June 2010 (unaudited) HK\$'000	31 December 2009 (audited) HK\$'000
0 – 30 days	22,609	29,406
31 – 60 days	17,588	12,597
61 – 90 days	2,068	967
Over 90 days	17,053	15,554
	59,318	58,524
Allowance for doubtful debt	(17,752)	(16,005)
	41,566	42,519

14. TRADE AND OTHER PAYABLES

	30 June 2010 (unaudited) HK\$'000	31 December 2009 (audited) HK\$'000
Trade payables	12,079	13,472
Other payables and accruals	28,074	30,746
	40,153	44,218

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. TRADE AND OTHER PAYABLES *(Continued)*

The following is an aging analysis of trade payables at the end of the reporting period:

	30 June 2010 (unaudited) HK\$'000	31 December 2009 (audited) HK\$'000
0 – 30 days	9,037	8,138
31 – 60 days	2,990	3,628
61 – 90 days	29	1,567
Over 90 days	23	139
	12,079	13,472

15. BORROWINGS

	30 June 2010 (unaudited) HK\$'000	31 December 2009 (audited) HK\$'000
Bank overdrafts	–	597

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2010 and 30 June 2010	30,000,000,000	300,000
Issued and fully paid:		
At 1 January 2010	8,867,766,956	88,678
Issue of share pursuant to exercise of share options	16,000,000	160
Issue of share pursuant to exercise of warrants	1,435,680,377	14,356
At 30 June 2010	10,319,447,333	103,194

17. CAPITAL COMMITMENTS

	30 June 2010 (unaudited) HK\$'000	31 December 2009 (audited) HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment:		
– Contracted but not provided for	–	4,763
– Authorised but not contracted for	–	14,520
	–	19,283

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. OPERATING LEASE COMMITMENT

- (a) The Group leases its land and buildings under operating lease arrangements, and the term of the lease was one year and the leases are repayable in fixed monthly instalments. The lease agreements are renewable at the end of the respective lease terms. There is no arrangement for contingent rent payments.

At 30 June 2010, the Group had total future minimum lease receivable under non-cancellable operating leases which fall due as follows:

	30 June 2010 (unaudited) HK\$'000	31 December 2009 (audited) HK\$'000
Within one year	468	868
After one year but within five years	–	33
	468	901

- (b) The Group entered into non-cancellable operating lease arrangements with landlords and the terms of the leases range from one to two years.

At 30 June 2010, the Group had total future minimum lease rent payments under non-cancellable operating leases falling due as follows:

	30 June 2010 (unaudited) HK\$'000	31 December 2009 (audited) HK\$'000
Within one year	6,514	8,512
After one year but within five years	76	1,378
	6,590	9,890

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. SHARE-BASED PAYMENT TRANSACTIONS

The Company has share options scheme for eligible employees, consultants and the directors of the Company. Details of the share options outstanding as at 30 June 2010 which have been granted under the Scheme are as follows:

Name or category of participants	Date of grant	Exercise period	Exercise price	Balance at 1 January 2010	Granted during the period	Exercised during the period	Lapsed during the period	Balance at 30 June 2010	Price of Company's shares for options exercised
Directors:									
Mr. Wong Hin Shek	3/6/2009	3/6/2009 to 2/6/2012	HK\$0.156	10,000,000	-	-	-	10,000,000	-
	2/2/2010	2/2/2010 to 1/2/2013	HK\$0.411	-	78,788,000	-	-	78,788,000	-
Dr. Chu Yuet Wah	2/2/2010	2/2/2010 to 1/2/2013	HK\$0.411	-	12,160,000	-	-	12,160,000	-
Consultants	3/6/2009	3/6/2009 to 2/6/2012	HK\$0.156	148,475,545	-	(16,000,000)	-	132,475,545	HK\$0.385
	11/8/2009	11/8/2009 to 10/8/2012	HK\$0.215	443,166,190	-	-	-	443,166,190	-
	2/2/2010	2/2/2010 to 1/2/2013	HK\$0.411	-	321,218,000	-	-	321,218,000	-
Staff	3/6/2009	3/6/2009 to 2/6/2012	HK\$0.156	6,000,000	-	-	(2,400,000)	3,600,000	-
	2/2/2010	2/2/2010 to 1/2/2013	HK\$0.411	-	31,000,000	-	-	31,000,000	-
				607,641,735	443,166,000	(16,000,000)	(2,400,000)	1,032,407,735	

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Share options granted to directors

The estimated fair value of the options granted to directors on 2 February 2010 was HK\$0.1225 per option. The fair value was calculated using the Trinomial pricing model. The inputs into the model were as follows:

Weighted average share price	HK\$0.414
Exercise price	HK\$0.411
Expected volatility	82.629%
Expected life	1 year
Risk-free rate	0.255%
Expected dividend yield	2.414%

No vesting period is granted to directors. The fair value of share options grant to directors is recognised as an employee cost with a corresponding increase in share-based payment reserve within equity at the date of grant.

Share options granted to staff

The estimated fair value of the options granted to staff on 2 February 2010 was HK\$0.1422 per option. The fair value was calculated using the Trinomial pricing model. The inputs into the model were as follows:

Weighted average share price	HK\$0.414
Exercise price	HK\$0.411
Expected volatility	73.33% to 82.63%
Expected life	0.496 to 2.918 years
Risk-free rate	0.210% to 0.976%
Expected dividend yield	2.405% to 4.868%

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Share options granted to staff *(Continued)*

The share options granted on 2 February 2010 to staff are subject to the following vesting schedule:

Vesting schedule	Maximum number of share options exercisable
From 2 August 2010 to 1 February 2011	15%
From 2 February 2011 to 1 August 2011	30%
From 2 August 2011 to 1 February 2012	45%
From 2 February 2012 to 1 August 2012	60%
From 2 August 2012 to 1 January 2013	80%
From 2 January 2013 to 1 February 2013	100%

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in share-based payment reserve within equity over the relevant vesting periods.

Share options granted to directors and staff

The estimated fair value of the options granted on 3 June 2009 was HK\$0.0437 per option. The fair value was calculated using the Trinomial pricing model. The inputs into the model were as follows:

Weighted average share price	HK\$0.153
Exercise price	HK\$0.156
Expected volatility	66.83%
Expected life	1.5 years
Risk-free rate	0.911%
Expected dividend yield	4.334%

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Share options granted to directors and staff *(Continued)*

The share options granted on 3 June 2009 to staff are subject to the following vesting schedule:

Vesting schedule	Maximum number of share options exercisable
From 3 December 2009 to 2 June 2010	20%
From 3 June 2010 to 2 December 2010	35%
From 3 December 2010 to 2 June 2011	50%
From 3 June 2011 to 2 December 2011	65%
From 3 December 2011 to 2 March 2012	80%
From 3 March 2012 to 2 June 2012	100%

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Share options granted to consultants

The estimated fair value of the options granted to consultants on 11 August 2009 was HK\$6,150,000.

The estimated fair values of the options granted to Group A and Group B consultants on 2 February 2010 were HK\$8,610,000 and HK\$3,690,000 respectively. No vesting period is granted for Group A consultants while the share options granted to Group B consultants are subject to the following vesting schedule:

Vesting schedule	Maximum number of share options exercisable
From 2 August 2010 to 1 February 2011	15%
From 2 February 2011 to 1 August 2011	30%
From 2 August 2011 to 1 February 2012	45%
From 2 February 2012 to 1 August 2012	60%
From 2 August 2012 to 1 January 2013	80%
From 2 January 2013 to 1 February 2013	100%

The fair value was calculated using the Market Approach, reference has been made to the prices at which other services of similar nature are agreed as available in the market. In the process of valuing the share options, the uniqueness of services provided by the consultants has been taken into account. The consultant fee are computed based on the number of working hours and the consultant fees to be charged in the provision of the consultancy service together with out-of-pocket expenses.

The fair value of share options granted to consultants is recognised in the profit or loss with corresponding increase in share-based payment reserve within equity.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Because the Trinomial pricing model and Market Approach require the input of highly substantive assumptions, including the volatility of share price, changes in subjective input assumptions can materially affect the fair value estimate.

A share-based payment expenses amounting to HK\$22,401,000 (six months ended 30 June 2009: HK\$6,977,000) has been recognised by the Company for the six months ended 30 June 2010 in relation to share options granted by the Company.

20. RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

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

	(Unaudited)	
	Six months ended 30 June	
	2010	2009
	HK\$000	HK\$000
Short-term employee benefits	4,128	4,200
Post-employment benefits	12	12
Share-based payment expenses	11,137	438
	15,277	4,650

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. RELATED PARTY TRANSACTIONS *(Continued)*

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

Name of related party	Nature of transaction	(Unaudited)	
		Six months ended 30 June	
		2010 HK\$'000	2009 HK\$'000
Kingston Securities Limited <i>(Note 1)</i>	Placing commission and related expenses <i>(Note 2)</i>	–	6,831
	Brokerage fee in respect of dealing in securities <i>(Note 2)</i>	14	30
	Interest income <i>(Note 3)</i>	–	178
Dr. Chu Yuet Wah	Staff quarter rental expenses	447	447

Notes:

1. The director, Dr. Chu Yuet Wah has controlling interest in this company.
2. Placing commission was charged at 2.5% and brokerage fee was charged at 0.25%.
3. Interest income was charged at 0.001% per annum.

OTHER INFORMATION

INTERIM DIVIDEND

The Board of Directors has resolved not to declare any interim dividend for the six months ended 30 June 2010 (2009: nil).

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

At 30 June 2010 the following Directors had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which would be required (a) to be notified to the Company or the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the requirements of the Model Code for Securities Transactions by Directors of Listed Companies:

Long positions in the Shares:

Name of Directors	Number of shares of the Company		Number of underlying shares of the Company	Total	Approximate percentage of shareholding
	Personal Interests	Corporate Interests			
Dr. Chu Yuet Wah	-	3,794,539,791 (Note 1)	12,160,000 (Note 2)	3,806,699,791	36.89%
Mr. Chu, Nicholas Yuk-yui	-	3,794,539,791 (Note 1)	12,160,000 (Note 2)	3,806,699,791	36.89%
Mr. Wong Hin Shek	-	-	88,788,000 (Note 3)	88,788,000	0.86%

Notes:

- (1) As at 30 June 2010, of the 3,794,539,791 shares, 3,762,472,788 shares are held by Sure Expert Limited, 31,879,998 shares are held by Kingston Capital Limited and 187,005 shares are held by Kingston Securities Limited, all of which are controlled by Dr. Chu Yuet Wah ("Dr. Chu"). Mr. Chu Nicholas Yui-yui ("Mr. Chu"), the husband of Dr. Chu, is deemed to be interested in these 3,794,539,791 shares.
- (2) As at 30 June 2010, Dr. Chu personally held 12,160,000 share options conferring rights to subscribe for 12,160,000 shares. Mr. Chu is deemed to be interested in the 12,160,000 underlying shares held by Dr. Chu.
- (3) As at 30 June 2010, Mr. Wong Hin Shek personally held 88,788,000 share options conferring rights to subscribe for 88,788,000 shares.

OTHER INFORMATION

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

Long positions in the Shares: *(Continued)*

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

DIRECTORS' RIGHT TO ACQUIRE SHARES AND DEBENTURES

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

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2010, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Name of Shareholders	Number of shares of the Company		Number of underlying shares of the Company	Total	Approximate percentage of shareholding
	Personal Interests	Corporate Interests			
Sure Expert Limited <i>(Note 1)</i>	-	3,762,472,788 <i>(Note 1)</i>	-	3,762,472,788	36.46%
Choose Right Limited	-	811,500,000	-	811,500,000	7.86%

Note:

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

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS *(Continued)*

Save for those disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2010.

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

During the six months ended 30 June 2010, neither the Company nor subsidiaries, has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

Throughout the six months ended 30 June 2010, the Company has complied with all code provisions in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors by Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all directors of the Company have confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2010.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the appropriateness and consistent application of significant accounting principles and policies adopted by the Group, and discussed judgmental issues, accounting estimates, adequacy of disclosures and internal consistency of the interim financial report for the six months ended 30 June 2010.

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

Hong Kong, 30 August 2010