THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Golden Development Holdings Limited, you should at once hand the Prospectus Document to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

A copy of each of the Prospectus Documents has been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) and filed with the Registrar of Companies in Bermuda. The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of any of these documents.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. You should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

CGD 中國金展控股有限公司
China Golden Development Holdings Limited

China Golden Development Holdings Limited
中 國 金 展 控 股 有 限 公 司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 162)

OPEN OFFER OF 584,120,426 OFFER SHARES ON THE BASIS OF ONE OFFER SHARE FOR EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE

Financial Adviser to the Company

INCU

INCU Corporate Finance Limited

Underwriters

博大資本 博大證券有限公司
Partners Capital Securities Limited

OSK

Phoenix Capital Securities Limited **OSK Securities Hong Kong Limited**

The latest time for acceptance of and payment for the Offer Shares is at 4:00 p.m. on 13 January 2010. The procedure for application is set out on pages 25 to 26 of the Prospectus.

Terms used in this cover page have the same meanings as defined in this Prospectus.

Partners Capital (on behalf of the Underwriters) may at its sole and absolute discretion terminate the Underwriting Agreement by notice in writing given to the Company at any time prior to Latest Time for Termination if there occurs any of the following events: (1) in the reasonable opinion of Partners Capital (on behalf of the Underwriters), the success of the Open Offer would be materially and adversely affected by: (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of Partners Capital (on behalf of the Underwriters) materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of Partners Capital (on behalf of the Underwriters) materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of Partners Capital (on behalf of the Underwriters) is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or (3) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of Partners Capital (on behalf of the Underwriters) will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or (4) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the announcement, the circular or the Prospectus Documents or other announcements or circulars in connection with the Open Offer. If, prior to the Latest Time for Termination: (a) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriters; or (b) any specified event described in the Underwriting Agreement comes to the knowledge of the Underwriters.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

Shareholders should note that the Shares have been dealt in on an ex-entitlement basis commencing from Wednesday, 16 December 2009 and that dealings in the Shares may take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in the Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on Monday, 18 January 2010), will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed. Shareholders and potential investors are advised to exercise due caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

30 December 2009

* *For identification purpose only*

CONTENTS

TERMINATION OF THE UNDERWRITING AGREEMENT

Termination of the Underwriting Agreement

Partners Capital (on behalf of the Underwriters) may at its sole and absolute discretion terminate the Underwriting Agreement by notice in writing given to the Company at any time prior to the Latest Time for Termination if there occurs any of the following events:

(1) in the reasonable opinion of Partners Capital (on behalf of the Underwriters), the success of the Open Offer would be materially and adversely affected by:

(a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of Partners Capital (on behalf of the Underwriters) materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or

(b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of Partners Capital (on behalf of the Underwriters) materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of Partners Capital (on behalf of the Underwriters) is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(3) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of Partners Capital (on behalf of the Underwriters) will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

(4) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the announcement, the circular or the Prospectus Documents or other announcements or circulars in connection with the Open Offer.

If, prior to the Latest Time for Termination:

(a) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriters; or

(b) any specified event described in the Underwriting Agreement comes to the knowledge of the Underwriters,

Partners Capital (on behalf of the Underwriters) shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to rescind the Underwriting Agreement.

If Partners Capital (on behalf of the Underwriters) gives any such notice as is referred to above to the Company in accordance with the terms of the Underwriting Agreement, all obligations of the Underwriters under the Underwriting Agreement shall cease and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement. If Partners Capital (on behalf of the Underwriters) exercises its right to terminate the Underwriting Agreement, the Open Offer will not proceed.

In this prospectus, the following expressions have the meanings set out below unless the context requires otherwise:

"Application Form"	the application form to be used by the Qualifying Shareholders to apply for the Offer Shares
"associate(s)"	has the same meaning ascribed to it in the Listing Rules
"Best Mineral Resources"	Best Mineral Resources Limited, a company incorporated in the British Virgin Islands, the entire issued share capital of which is wholly and beneficially owned by the Substantial Shareholder
"Board"	the board of Directors
"Business Day"	a day on which licensed banks in Hong Kong are generally open for business throughout their normal business hours (other than a Saturday, Sunday or public holiday)
"CCASS"	The Central Clearing and Settlement System established and operated by HKSCC
"Century Ginwa"	世紀金花股份有限公司 (Century Ginwa Joint Stock Company, Limited), a joint stock company established in the PRC
"Change of Terms of the Convertible Bond"	the change of the terms of the Convertible Bond such that the holder(s) of the Convertible Bond may demand for redemption by the Company of the Convertible Bond at any time prior to its maturity date by giving 5 days' notice to the Company for the amount of not more than HK$15,873,203.60 for the purpose of the Set Off
"Company"	China Golden Development Holdings Limited (stock code: 162), a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
"Companies Act"	Companies Act 1981 of Bermuda

"Convertible Bond"	convertible bond with an aggregate outstanding principal amount of HK$1,104,216,100 convertible into 1,602,635,849 Shares at an initial Conversion Price of HK$0.689 per Share (subject to adjustment) and held by Best Mineral Resources
"Conversion Price"	the initial conversion price of HK$0.689 per Share (subject to adjustments) to be allotted and issued by the Company upon the exercise of the conversion rights attaching to the Convertible Bond
"Director(s)"	director(s) of the Company
"Excluded Shareholders"	Overseas Shareholders in respect of whom the Directors, based on legal opinions provided by the legal advisers, consider it necessary or expedient not to offer the Open Offer to such Shareholders on account either of the legal restrictions under the laws of the relevant places or the requirements of the relevant regulatory bodies or stock exchanges in those places
"Group"	the Company and its subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Shareholders"	Shareholders other than the Substantial Shareholder, Best Mineral Resources and their respective associates
"Last Trading Day"	11 November 2009, being the last trading day before the suspension of the trading of the Shares for the purpose of the release of the announcement of the Company dated 16 November 2009
"Latest Practicable Date"	24 December 2009, being the latest practicable date prior to the printing of this Prospectus for ascertaining certain information contained in this Prospectus
"Latest Time for Acceptance"	4:00 p.m. on 13 January 2010, being the latest time for acceptance of, and payment for, the Offer Shares

"Latest Time for Termination"	4:00 p.m. on 18 January 2010, being the third Business Day after the Latest Time for Acceptance, or such later time or date as may be agreed between the Company and Partners Capital (on behalf of the Underwriters), being the latest time to terminate the Underwriting Agreement
"Listing Committee"	the listing sub-committee of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Modification Deed"	the modification deed dated 2 December 2009 entered into between the Company and Best Mineral Resources in relation to the Change of Terms of the Convertible Bond
"Offer Shares"	new Shares to be allotted and issued under the Open Offer, being 584,120,426 Shares
"Open Offer"	open offer of one Offer Share for every two existing Shares held on the Record Date at the Subscription Price
"OSK Securities"	OSK Securities Hong Kong Limited, a company incorporated in Hong Kong, and is a licensed corporation to carry on business in type 1 and type 4 regulated activities (dealing in securities and advising on securities) under the SFO, being one of the Underwriters
"Overseas Shareholders"	Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register are in a place(s) outside Hong Kong
"Partners Capital"	Partners Capital Securities Limited, a company incorporated in Hong Kong with limited liability, and is a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the SFO, being one of the Underwriters

"Phoenix Capital"	Phoenix Capital Securities Limited, a company incorporated in Hong Kong with limited liability, and is a licensed corporation to carry on business in type 1 and type 2 regulated activities (dealing in securities and dealing in futures contracts) under the SFO, being one of the Underwriters
"PRC"	the People's Republic of China which for the purpose of this Prospectus, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Prospectus"	this prospectus being issued to the Shareholders containing details of the Open Offer
"Prospectus Documents"	this Prospectus and Application Form
"Prospectus Posting Date"	the date of posting the Prospectus Documents to Qualifying Shareholders and the Prospectus to the Excluded Shareholders for their information
"Qualifying Shareholders"	Shareholders, other than the Excluded Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date
"Record Date"	22 December 2009, being the date by reference to which entitlements to the Open Offer are to be determined
"Registrar"	Tricor Abacus Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong, the Hong Kong branch share registrar of the Company
"Set Off"	the set off of the Subscription Price for the 158,732,036 Offer Shares to which Best Mineral Resources is entitled under the Open Offer and payable by Best Mineral Resources against an equivalent amount of the face value of the Convertible Bond, such set off shall be conducted in such manner as provided for in the Underwriting Agreement
"SFC"	the Securities and Futures Commission of Hong Kong

"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company held on 22 December 2009, where resolution(s) in relation to the Open Offer, the Change of Terms of the Convertible Bond and the Set Off had been approved
"Share(s)"	share(s) of HK$0.10 each in the share capital of the Company
"Share Options"	the options to subscribe for Shares granted pursuant to the Share Option Scheme and subsisting at the Latest Practicable Date
"Share Option Scheme"	the share option scheme of the Company adopted on 6 November 2001
"Shareholder(s)"	holder(s) of issued Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	the subscription price of HK$0.10 per Offer Share
"Substantial Shareholder"	Chen Jian, a PRC citizen, being the ultimate beneficial owner of the entire issued share capital of Best Mineral Resources
"Supplemental Agreement"	the supplemental agreement dated 30 November 2009 entered into among the Company, the Underwriters and Best Mineral Resources in relation to certain amendments made to the Underwriting Agreement
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Underwriters"	together, Partners Capital, Phoenix Capital and OSK Securities, and each an "Underwriter"

"Underwriting Agreement"	the underwriting agreement dated 11 November 2009 (as supplemented by the Supplemental Agreement) entered into among the Company, the Underwriters and the Substantial Shareholder in relation to the underwriting and certain other arrangements in respect of the Open Offer
"Underwritten Shares"	the total number of Offer Shares which Shareholders are entitled pursuant to the Open Offer less such number of the Offer Shares the Substantial Shareholder has undertaken to subscribe or procure Best Mineral Resources to subscribe for, amounts to 425,388,390 Offer Shares
"Warrantholder"	Li Peng, a PRC citizen, being the holder of the 221,600,000 Warrants
"Warrants"	non-listed warrant(s) issued by the Company each entitles the holder thereof to subscribe for one Share at the initial subscription price of HK$0.29 (subject to adjustment) at any time from the date of issue of the Warrants to the date falling two years after the date of issue of the Warrants
"%"	per cent.
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

EXPECTED TIMETABLE

The expected timetable for the Open Offer as set out below is indicative only. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate:

	2009
Last day of dealings in Shares on a cum-entitlement basis	Tuesday, 15 December
First day of dealings in Shares on an ex-entitlement basis	Wednesday, 16 December
Latest lodging date for transfers of the Share to qualify for the Open Offer	4:30 p.m. on Thursday, 17 December
Record Date to determine entitlements under the Open Offer	Tuesday, 22 December
	2010
Latest Time for Acceptance of, and payment for the Offer Shares	4:00 p.m. Wednesday, 13 January
Latest Time for Termination	4:00 p.m. on Monday, 18 January
Expected time for all conditions to which the Open Offer is subject are fulfilled and the Open Offer becomes unconditional	4:00 p.m. on Monday, 18 January
Announcement of results of the Open Offer on the Stock Exchange's website	Wednesday, 20 January
Certificates for the Offer Shares to be despatched on or before	Wednesday, 20 January
Dealings in fully-paid Offer Shares commence on	Friday, 22 January

Note: All times refer to Hong Kong local time.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE OFFER SHARES

If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on Wednesday, 13 January 2010, being the date of the Latest Time for Acceptance:

(i) at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Time for Acceptance of and payment for the Offer Shares will be postponed to 5:00 p.m. on the same Business Day; or

(ii) at any time between 12:00 noon and 4:00 p.m., the Latest Time for Acceptance of and payment for the Offer Shares will be postponed to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

Under such circumstances, the dates mentioned in the expected timetable above may be affected.

If the Latest Time for Acceptance of and payment for the Offer Shares does not take place at 4:00 p.m. Wednesday, 13 January 2010, the dates mentioned in the section headed "Expected timetable" in this Prospectus may be affected. An announcement will be made by the Company in such event.

SUMMARY OF THE OPEN OFFER

The following information is derived from, and should be read in conjunction with, the full text of this Prospectus.

Basis of the Open Offer	:	One Offer Share for every two existing Shares held on the Record Date
Number of Shares in issue as at the Latest Practicable Date	:	1,168,240,852 Shares as at the Latest Practicable Date
Number of Offer Shares	:	584,120,426 Offer Shares
Subscription price	:	HK$0.10 per Offer Share payable in full on application
Enlarged issued share capital immediately upon completion of the Open Offer	:	1,752,361,278 Shares
Amount to be raised by the Open Offer	:	approximately HK$58.41 million
Basis of entitlement	:	Offer Shares will be allotted in the proportion of one Offer Share for every two existing Shares held by the Qualifying Shareholders on the Record Date. No Offer Shares will be offered to the Excluded Shareholders and will be taken up by the Underwriters
Right of excess application	:	Qualifying Shareholders are not entitled to apply for any Offer Shares which are in excess of their assured entitlements

China Golden Development Holdings Limited
中國金展控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 162)

Executive Directors:
Mr. Hu Yangxiong
(Vice Chairman and Chief Executive Officer)
Mr. Qu Jiaqi
Mr. Li Haogang
Mr. Sha Yingjie
Ms. Lu Xiaoling

Independent non-executive Directors:
Mr. Chan Wai Kwong, Peter
Mr. Fu Wing Kwok, Ewing
Mr. Tsang Kwok Wai

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
Unit 1801, 18/F
181 Johnston Road
Wanchai
Hong Kong

30 December 2009

To the Qualifying Shareholders and for information only, to the Excluded Shareholders

Dear Sir or Madam,

OPEN OFFER OF 584,120,426 OFFER SHARES ON THE BASIS OF ONE OFFER SHARE FOR EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE

INTRODUCTION

On 16 November 2009, the Company announced that the Company entered into the Underwriting Agreement with the Underwriters and the Substantial Shareholder on 11 November 2009 in relation to the Open Offer.

* *For identification purpose only*

The purpose of this Prospectus is to provide you with, among other things further details regarding the Open Offer including (i) the procedures for application and payment for the Offer Shares; (ii) certain financial information of the Group; and (iii) general information of the Group.

THE OPEN OFFER

Issue statistics

Basis of the Open Offer	:	One Offer Share for every two existing Shares held on the Record Date
Number of Shares in issue	:	1,168,240,852 Shares as at the Latest Practicable Date
Number of Offer Shares	:	584,120,426 Offer Shares
Subscription price	:	HK$0.10 per Offer Share payable in full on application
Enlarged issued share capital immediately upon completion of the Open Offer	:	1,752,361,278 Shares

As at the Latest Practicable Date, the Company has: (i) 18,638,000 outstanding Share Options; (ii) the Convertible Bond; and (iii) 221,600,000 Warrants in issue. The Share Options entitle the holders thereof to subscribe for an aggregate of 18,638,000 new Shares at an exercise price of HK$0.74 per Share (all subject to adjustments). Holders of the 18,638,000 Share Options have irrevocably undertaken to the Company and the Underwriters that they will not exercise any of their Share Options from the date of such undertaking up to and including the Record Date. None of the holders of the Share Option has exercised any of the Share Option during such period.

As at the Latest Practicable Date, Best Mineral Resources is the holder of the Convertible Bond and the outstanding principal amount of the Convertible Bond is HK$1,104,216,100. Pursuant to the terms of the Convertible Bond, 1,602,635,849 new Shares are fall to be issued upon full conversion at the initial Conversion Price of HK$0.689 per Share (subject to adjustments).

The Substantial Shareholder has irrevocably undertaken to the Company and the Underwriters, inter alia, (i) not to and procure Best Mineral Resources not to, exercise any of the conversion rights attaching to, or transfer or otherwise dispose of, any of the Convertible Bond held by it, on or before the Record Date; and (ii) to subscribe for, or procure Best Mineral Resources to subscribe for, the 158,732,036 Offer Shares to which Best Mineral Resources is entitled under the Open Offer in the manner provided in the Underwriting Agreement.

The Warrantholder who held 221,600,000 Warrants has irrevocably undertaken to the Company and the Underwriters that he will not exercise any of subscription rights attaching to, or transfer or otherwise dispose of, the Warrants from the date of such undertaking up to and including the Record Date. No Warrants were exercised during the period from the date of such undertaking up to and including the Record Date.

Save as disclosed above, the Company has no other options, warrants or other securities convertible or exchangeable into or giving rights to the holders thereof to subscribe or exchange for the Shares as at the Latest Practicable Date.

The number of Offer Shares of 584,120,426 Offer Shares is arrived at based on one Offer Share for every two existing Shares held on the Record Date. The Offer Shares would represent 50% of the Company's existing issued share capital and approximately 33.33% of the Company's issued share capital as enlarged by the issue of the Offer Shares, assuming no exercise of the Share Options and the subscription rights attaching to the Warrants and no conversion of the Convertible Bond by the holders thereof until completion of the Open Offer.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Excluded Shareholders, the Company will send copies of the Prospectus to them for their information only, but no Application Form will be sent to the Excluded Shareholders.

To qualify for the Open Offer, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and must be a Qualifying Shareholder.

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company.

In order to be registered as members of the Company at the close of business on the Record Date, Shareholders must had lodged the transfers of Shares (together with the relevant share certificates) with the Company's branch share registrar in Hong Kong, Tricor Abacus Limited for registration before 4:30 p.m. on Thursday, 17 December 2009.

Closure of register of members

The register of members of the Company had been closed from Friday, 18 December 2009 to Tuesday, 22 December 2009, both dates inclusive, to determine the eligibility of the Shareholders to the Open Offer. No transfers of Shares had been registered during the book closure period.

Subscription price

The subscription price for the Offer Shares is HK$0.10 per Offer Share, payable in full upon application. The Subscription Price represents:

(i) a discount of approximately 61.54% to the closing price per Share of HK$0.26 as quoted on the Stock Exchange on 11 November 2009, being the Last Trading Day;

(ii) a discount of approximately 61.98% to the average of the closing prices per Share of HK$0.263 for the last 5 trading days as quoted on the Stock Exchange up to and including the Last Trading Day;

(iii) a discount of approximately 62.55% to the average of the closing prices per Share of HK$0.267 for the last 10 trading days as quoted on the Stock Exchange up to and including the Last Trading Day;

(iv) a discount of approximately 51.69% to the theoretical ex-rights price of HK$0.207 per Share calculated based on the closing price per Share on the Last Trading Day; and

(v) a discount of approximately 44.44% to the closing price per Share of HK$0.18 as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was determined after arm's length negotiations between the Company, the Underwriters and the Substantial Shareholder with reference to the current market prices of the Shares. As the Offer Shares are offered to all Qualifying Shareholders, the Directors would like to set the Subscription Price at a level that would attract the Qualifying Shareholders to participate in the Open Offer. The Directors (including independent non-executive Directors) consider the terms of the Open Offer, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Basis of allotment

The basis of the allotment shall be one Offer Share for every two existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price. Application for all or any part of a Qualifying Shareholder's allotment should be made by completing the Application Form and lodging the same with a remittance for the Offer Shares being applied for.

Status of the Offer Shares

The Offer Shares, when allotted, issued and fully paid, will rank pari passu in all respects with the shares in issue on the date of allotment and issue of the offer shares. Holders of fully-paid Offer Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the Offer Shares.

Certificates of the Offer Shares

Subject to the conditions of the Open Offer being fulfilled, share certificates for all fully-paid Offer Shares are expected to be posted by ordinary post on or before Wednesday, 20 January 2010 to those Shareholders who have validly applied and paid for Offer Shares at their own risk.

Excluded Shareholders

If, at the close of business on the Record Date, a Shareholder's address on the register of members of the Company was in a place outside Hong Kong, that Shareholder may not be eligible to take part in the Open Offer as the Prospectus Documents are not expected to be registered under the applicable securities legislation of any jurisdictions other than Hong Kong and Bermuda.

Having reviewed the register of members of the Company as at the Record Date, the Company noted that the Shareholders registered with overseas addresses are situated in Canada. The Company has complied with all necessary requirements specified in Rule 13.36(2)(a) (including notes 1 & 2) of the Listing Rules and has made enquiry with its legal advisers regarding the feasibility of extending the Open Offer to the Overseas Shareholders under the laws of the relevant places and the requirements of the relevant regulatory body or stock exchange.

Based on the legal advice provided by the legal adviser in Canada, the offer of the Offer Shares to the Shareholders with registered addresses in Canada would, or might, in the absence of a registration statement or other special formalities, be unlawful or impracticable. As such, the Directors are of the view that it is necessary and expedient to exclude the Overseas Shareholders in Canada in respect of the Open Offer and such Overseas Shareholders will be regarded as Excluded Shareholders. Accordingly, the Open Offer will not be extended to the Shareholders with registered addresses in Canada. The Company will send the Prospectus to the Excluded Shareholders for their information only but will not send the Application Form to them. The Offer Shares to which the Excluded Shareholders would otherwise be entitled under the Open Offer will be taken up by the Underwriters.

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong and Bermuda.

No application for excess Offer Shares

After arm's length negotiation with the Underwriters, the Company decided that the Qualifying Shareholders are not entitled to apply for any Offer Shares which are in excess of their assured entitlements. The Company considers that the administrative costs would be lowered without the excess application.

Fractional entitlements

No fractional entitlements or allotments are expected to arise as a result of the Open Offer.

Application for listing

The Company had applied to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Offer Shares.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange as well as compliance with stock admission requirements of HKSCC, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangement and how such arrangements will affect their rights and interests.

Dealings in the Offer Shares in board lots of 2,000 Shares, which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty in Hong Kong.

UNDERWRITING ARRANGEMENTS

Undertakings

The holders of the 18,638,000 Share Options have irrevocably undertaken to the Company and the Underwriters that they will not exercise any of their Share Options from the date of such undertaking up to and including the Record Date.

As at the Latest Practicable Date, Best Mineral Resources is the holder of the Convertible Bond and the outstanding principal amount of the Convertible Bond is HK$1,104,216,100. Pursuant to the terms of the Convertible Bond, 1,602,635,849 new Shares are fall to be issued upon full conversion at the initial Conversion Price of HK$0.689 per Share (subject to adjustments).

The Substantial Shareholder has irrevocably undertaken to the Company and the Underwriters, inter alia, (i) not to and procure Best Mineral Resources not to, exercise any of the conversion rights attaching to, or transfer or otherwise dispose of, any of the Convertible Bond held by it, on or before the Record Date; and (ii) to subscribe for or procure Best Mineral Resources to subscribe for, the 158,732,036 Offer Shares to which Best Mineral Resources is entitled under the Open Offer in the manner provided in the Underwriting Agreement.

The Warrantholder has irrevocably undertaken to the Company and the Underwriters that he will not exercise any of subscription rights attaching to, or transfer or otherwise dispose of, the Warrants from the date of such undertaking up to and including the Record Date.

Underwriting Agreement

Pursuant to the Underwriting Agreement and subject to the terms and conditions thereof, the Underwriters have agreed to fully underwrite 425,388,390 Offer Shares (of which Partners Capital has agreed to underwrite not more than 209,388,390 Underwritten Shares in the first place, Phoenix Capital has agreed to underwrite not more than 100,000,000 Underwritten Shares in the second place, and OSK Securities has agreed to underwrite the remaining 116,000,000 Underwritten Shares in the third place) at the Subscription Price of HK$0.10 per Offer Share. The Underwriting Agreement provides that the Underwriters will be obliged to subscribe or procure subscribers for any Offer Shares not taken up by the Qualifying Shareholders.

Pursuant to the terms of the Underwriting Agreement, (i) the Substantial Shareholder had undertaken to procure the subscription of 158,732,036 Offer Shares to which Best Mineral Resources is entitled under the Open Offer, and (ii) the Company have agreed that the aggregate Subscription Price for the 158,732,036 Offer Shares, required to be paid by Best Mineral Resources under the Open Offer which amounts to HK$15,873,203.60 will be set off against an equivalent amount of the face value of the Convertible Bond. On 2 December 2009, the Company had entered into the Modification Deed for the purpose of the Set Off. The Set Off had been approved in the SGM of the Company held on 22 December 2009. For further information on the Set Off, please refer to the circular of the Company dated 7 December 2009.

The completion of the Set Off is subject to the same conditions of the Underwriting Agreement. Completion of the Set Off and the Open Offer shall take place simultaneously.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries:

(a) Partners Capital is a company incorporated in Hong Kong with limited liability, and is a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the SFO;

(b) OSK Securities is a company incorporated in Hong Kong with limited liability, and is a licensed corporation to carry on business in type 1 and type 4 regulated activities (dealing in securities and advising on securities) under the SFO;

(c) Phoenix Capital is a company incorporated in Hong Kong with limited liability, and is a licensed corporation to carry on business in type 1 and type 2 regulated activities (dealing in securities and dealing in futures contracts) under the SFO; and

(d) each of the Underwriters, their respective ultimate beneficial owners and their respective associates is third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

Conditions of the Open Offer

The Open Offer is conditional, among other things, on each of the following conditions being fulfilled:

(a) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance not later than the date on which the Prospectus is despatched;

(b) the passing by no later than the Prospectus Posting Date by the Independent Shareholders (or, where appropriate, Shareholders) at the SGM of ordinary resolutions to approve the Open Offer, the Set Off and the Change of Terms of the Convertible Bond;

(c) the posting of the Prospectus Documents to the Qualifying Shareholders on or before the Prospectus Posting Date;

(d) the filing of the Prospectus Documents with the Registrar of Companies in Bermuda;

(e) the obtaining of the permission of the Bermuda Monetary Authority for the issue of the Offer Shares, if necessary;

(f) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Offer Shares by no later than the Prospectus Posting Date;

(g) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement;

(h) compliance with and performance of all the undertakings and obligations of the Underwriters under the terms of the Underwriting Agreement;

(i) compliance with and performance of all undertakings and obligations of holders of the Share Options not to exercise any of the Share Options held by each of them before the Record Date;

(j) compliance with and performance of all undertakings and obligations of the Substantial Shareholder under the terms of the Underwriting Agreement;

(k) compliance with and performance of all undertakings and obligations of the Warrantholder not to exercise the subscription rights attaching to the Warrants, or transfer or otherwise dispose of any of the Warrants, before the Record Date; and

(l) all requirements and conditions imposed by the Stock Exchange or under the Listing Rules or otherwise in connection with the transactions contemplated by the Underwriting Agreement having been fulfilled or complied with by not later than the Latest Time for Termination.

The conditions set out above are not capable of being waived. If the conditions of the Open Offer under the Underwriting Agreement are not fulfilled by the relevant dates and times specified in the Underwriting Agreement (or, in each case, such later date or time as Partners Capital (on behalf of the Underwriters) may agree in writing with the Company pursuant to the Underwriting Agreement), the Underwriting Agreement will terminate and no party thereto will have any claim against any other party for costs, damages compensation or otherwise save for any antecedent breaches. If the Underwriting Agreement is terminated in accordance with its terms, the Open Offer will not proceed.

As at the Latest Practicable Date, conditions (b), (i) and (k) had been fulfilled.

Underwriting Commission

The Company will pay the Underwriters an underwriting commission of 3.5% of the aggregate Subscription Price in respect of the Underwritten Shares for which each of the Underwriters has agreed to subscribe or procure subscription and all reasonable legal fees and other reasonable out-of-pocket expenses of the Underwriters in respect of the Open Offer. The Directors (including the independent non-executive Directors) are of the view that the commission is fair and reasonable.

Termination of the Underwriting Agreement

Partners Capital (on behalf of the Underwriters) may at its sole and absolute discretion terminate the Underwriting Agreement by notice in writing given to the Company at any time prior to Latest Time for Termination if there occurs any of the following events:

(1) in the reasonable opinion of Partners Capital (on behalf of the Underwriters), the success of the Open Offer would be materially and adversely affected by:

(a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of Partners Capital (on behalf of the Underwriters) materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or

(b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of Partners Capital (on behalf of the Underwriters) materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of Partners Capital (on behalf of the Underwriters) is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(3) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of Partners Capital (on behalf of the Underwriters) will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

(4) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the announcement, the circular or the Prospectus Documents or other announcements or circulars in connection with the Open Offer.

If, prior to the Latest Time for Termination:

(a) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriters; or

(b) any specified event described in the Underwriting Agreement comes to the knowledge of the Underwriters,

Partners Capital (on behalf of the Underwriters) shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to rescind the Underwriting Agreement.

If Partners Capital (on behalf of the Underwriters) gives any such notice as referred to above to the Company in accordance with the terms of the Underwriting Agreement, all obligations of the Underwriters under the Underwriting Agreement shall cease and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement. If Partners Capital (on behalf of the Underwriters) exercises its right to terminate the Underwriting Agreement, the Open Offer will not proceed.

WARNING OF THE RISKS OF DEALING IN THE SHARES

If Partners Capital (on behalf of the Underwriters) terminates the Underwriting Agreement or if the conditions of the Underwriting Agreement have not been fulfilled in accordance with the terms thereof, the Open Offer will not proceed. Shareholders and potential investors are advised to exercise due caution when dealing with the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares have been dealt with on an ex-entitlement basis commencing from Wednesday, 16 December 2009 and that dealings in such Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholders or other persons dealing in such Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be Monday, 18 January 2010) will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Shareholders or other persons contemplating selling or purchasing the Shares who are in any doubt about their position are recommended to consult their professional advisers.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The Group is principally engaged in the operation of shopping malls in the PRC. The gross proceeds of the Open Offer will be approximately HK$58.41 million. It is expected that the aggregate expenses in connection with the Open Offer will be approximately HK$2.56 million. The net cash proceeds from the Open Offer, after the Set Off of approximately HK$15.87 million of part of the outstanding principal amount, of approximately HK$39.98 million will be used for the renovation of the Xian Bell Tower Store and the renovation and expansion of the Hi-Tech Store of "Century Ginwa" department stores. The Group intends to introduce several famous international brandnames to Xian Bell Tower Store in order to attract more customers, thereby expanding its basis for revenue generation. It is also intended by the Group that new electric power station will be installed in order to cope with the increase in demand for electricity supply of the stores after the renovation. The renovation project will also cover the new office complex, which is intended to be used as the new headquarters of the Group in the PRC.

For the renovation and expansion of the Hi-Tech Store, it is expected that the business area of Xian Hi-Tech Store will be increased by not less than 800 square metres after the renovation. The Directors believe that the Hi-Tech Store will be able to generate additional income after its expansion and renovation, and it is intended that approximately six international leading cosmetic brandnames and approximately four international fashion brandnames will be introduced.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Xian Bell Tower Store has not carried out any substantial renovation for the past five years. In addition, the premises where Xian Bell Tower Store and Hi-Tech Store situate are located in one of the prime locations in Xian, the PRC, and the Group has no intention to relocate Xian Bell Tower Store and Hi-Tech Store at the moment. As such, the Directors consider that the above renovation and expansion are necessary and are in the interest of the Company and the Shareholders as a whole.

The Group has been putting efforts in strengthening its financial position, including but not limited to raising sufficient funding for the business development of the Group and reducing its level of borrowings and indebtedness. When formulating the structure of the Open Offer, the Directors had taken into account various factors including but not limited to raising sufficient funds to further develop its principal business, while at the same time, to reduce the level of borrowings and indebtedness of the Group.

In addition, having considered other fund raising alternatives for the Group, such as placing of new Shares or other convertible securities, and taking into account the benefits and cost of each of the alternatives, the Board considers that the Open Offer is in the interest of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company at the same price and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so.

The Directors (including the independent non-executive Directors) consider the Open Offer is in the interests of the Company and Shareholders as a whole.

PREVIOUS FUND RAISING EXERCISE OF THE COMPANY

On 31 July 2009, the Company and the Warrantholder entered into a subscription agreement in relation to the placing of 231,600,000 Warrants at an issue price of HK$0.011 per Warrant. The net proceeds received by the Company for the issue of the Warrants amounted to about HK$2.44 million and was intended to be applied as general working capital of the Group. As at the Latest Practicable Date, the Warrantholder has exercised subscription rights attaching to 10,000,000 Warrants and additional proceeds of HK$2.9 million had been received by the Company. As at the Latest Practicable Date, approximately HK$2.9 million of the aggregate net proceeds received by the Company from the issue of the Warrants and the exercise of the 10,000,000 Warrants has been utilized as general working capital of the Group.

Save as disclosed above, the Company has not conducted any fund raising exercises in the past 12 months immediately preceding the Latest Practicable Date.

SHAREHOLDING IN THE COMPANY

The table below depicts the possible shareholding structure of the Company as at the Latest Practicable Date and the possible changes upon completion of the Open Offer, on the basis of the public information available to the Company on the Latest Practicable Date, after the Directors having making reasonable enquiries and assuming there is no other changes in the shareholding structure of the Company since the Latest Practicable Date:–

			Upon completion of the Open Offer			
Shareholders	**As at the Latest Practicable Date**		**Assuming no Qualifying Shareholders take up their respective entitlements under the Open Offer (except Best Mineral Resources)**		**Assuming full subscription by the Qualifying Shareholders as to their respective entitlements under the Open Offer**	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*
Best Mineral Resources *(Note 1)*	317,464,072	27.17	476,196,108	27.17	476,196,108	27.17
Sha Yingjie *(Note 2)*	1,024,000	0.09	1,024,000	0.06	1,436,000	0.08
Lu Xiaoling *(Note 3)*	146,000	0.01	146,000	0.01	219,000	0.01
The Warrantholder	4,090,000	0.35	4,090,000	0.23	6,135,000	0.35
The Underwriters:						
Partners Capital	–	–	209,388,390	11.95	–	–
Phoenix Capital	–	–	100,000,000	5.71	–	–
OSK Securities	–	–	116,000,000	6.62	–	–
Public Shareholders	845,516,780	72.38	845,516,780	48.25	1,268,375,170	72.39
Total	1,168,240,852	100	1,752,361,278	100	1,752,361,278	100

Notes:

1. Mr. Chen Jian, the Substantial Shareholder, held 100% of the issued share capital of Best Mineral Resources. As such, Mr. Chen Jian is deemed to be interested in 317,464,072 Shares by virtue of his shareholding in Best Mineral Resources. As at the Latest Practicable Date, Mr. Chen Jian does not hold any position in the Group. In addition, as disclosed in this Prospectus, Mr. Chen Jian has undertaken in favour of the Company and the Underwriters, inter alia, to subscribe for, or to procure Best Mineral Resources to subscribe for the 158,732,036 Offer Shares to which Best Mineral Resources is entitled to under the Open Offer.

2. Mr. Sha Yingjie is an executive Director. As at the Latest Practicable Date, Mr. Sha Yingjie is beneficially interested in 1,024,000 Shares, of which 200,000 Shares were acquired after the ex-entitlement date, 16 December 2009 and are therefore not qualified for the Open Offer. The number of Offer Shares Mr. Sha Yingjie entitled is 412,000 Offer Shares.

3. Ms. Lu Xiaoling is an executive Director.

PROCEDURES FOR ACCEPTANCE AND PAYMENTS

Qualifying Shareholders will find enclosed with this Prospectus the Application Form which entitles the Qualifying Shareholders to subscribe, subject to payment, for the number (or any lesser number) of Offer Shares shown therein. If a Qualifying Shareholder wishes to exercise his/her/its rights to subscribe for the Offer Shares specified in the Application Form (or a number of Offer Shares less than that specified in the Application Form), the Qualifying Shareholder must lodge the Application Form in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Company's branch share registrar in Hong Kong, Tricor Abacus Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on Wednesday, 13 January 2010. All remittances must be made by cheques or cashier's orders in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by a licensed bank in Hong Kong and made payable to 'China Golden Development Holdings Limited – Open Offer Account'' and crossed ''ACCOUNT PAYEE ONLY''.

It should be noted that unless the duly completed Application Form, together with the appropriate remittance, has been lodged with the Company's branch share registrar in Hong Kong, Tricor Abacus Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by 4:00 p.m. on Wednesday, 13 January 2010, the relevant assured allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled.

The Application Form contains further information regarding the procedures to be followed if Qualifying Shareholders wish to accept the whole or part of their assured allotment.

All cheques and cashier's orders accompanying completed Application Form will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of an Application Form with a cheque and/or a cashier's order, will constitute a warranty by the applicant that the cheque and/or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any Application Form in respect of which the accompanying cheque and/or cashier's order is dishonoured on first presentation, and, in such event, the relevant assured allotment and all rights and entitlement given pursuant to which will be deemed to have been declined and will be cancelled.

The Application Form is for use only by the person(s) named therein and is not transferable. No receipt will be issued in respect of any acceptance monies received.

If the conditions of the Underwriting Agreement are not fulfilled and/or the Underwriting Agreement is terminated in accordance with its terms before the Latest Time for Termination, the monies received in respect of acceptance of Offer Shares will be returned to the Qualifying Shareholders or, in case of joint applicants, to the first-named person without interest by means of cheques despatched by ordinary post to the respective addresses specified in the register of members of the Company at their own risk as soon as practicable thereafter.

The Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of applying for, holding, disposing of or dealing in the Offer Shares. It is emphasised that none of the Company, the Directors or any other parties involved in the Open Offer accepts responsibility of any tax effects or liabilities of holders of the Offer Shares resulting from the application for, holding, disposal of, or dealing in the Offer Shares.

ADJUSTMENTS TO CONVERSION PRICE OF THE CONVERTIBLE BOND, THE WARRANTS AND EXERCISE PRICE AND NUMBER OF THE SHARE OPTIONS

Adjustments to the Conversion Price of the Convertible Bond in issue, the subscription price of the Warrants and the exercise price and number of the outstanding Share Options may be required under the relevant terms of the instrument constituting the Convertible Bond, the Warrants and the Share Option Scheme. Further announcement will be made in this regard if deemed appropriate and necessary.

FURTHER INFORMATION

Your attention is drawn to the financial and general information set out in the appendices to this Prospectus.

Yours faithfully,
By order of the Board
China Golden Development Holdings Limited
Hu Yangxiong
Vice Chairman and Chief Executive Officer

I. FINANCIAL SUMMARY AND AUDITORS' REPORTS

A summary of the published results, assets and liabilities of the Group for the eighteen months ended 31 December 2006, and two years ended 31 December 2007 and 31 December 2008 as extracted from the respective annual reports of the Company is set out below.

CONSOLIDATED INCOME STATEMENT

	Twelve months ended 31 December		**Eighteen months ended 31 December**
	2008	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*
Continuing operations:			
Turnover	301,052	115,656	34,681
Cost of sales	(96,483)	(33,602)	(12,005)
Gross profit	204,569	82,054	22,676
Other revenue and income	118,100	11,969	868
Selling and distribution expenses	(27,596)	(19,274)	(2,639)
General and administrative expenses	(175,232)	(61,704)	(40,171)
Provision for impairment of goodwill	(604,653)	–	–
Operating (loss)/profit	(484,812)	13,045	(19,266)
Finance costs	(44,524)	(2,289)	(3,384)
(Loss)/profit before taxation	(529,336)	10,756	(22,650)
Income tax	(10,495)	(5,426)	(1,051)
(Loss)/profit for the year/period from continuing operations	(539,831)	5,330	(23,701)
Discontinued operations:			
Profit/(loss) for the year/period from discontinued operations	–	–	(152,495)
(Loss)/profit for the year/period	(539,831)	5,330	(176,196)
Attributable to			
– Shareholders of the Company	(545,172)	5,330	(151,202)
– Minority interests	5,341	–	(24,994)
	(539,831)	5,330	(176,196)
(Loss)/earnings per share *(HK cents)*			
– basic	(53.62)	0.94	(33.88)
– diluted	N/A	0.89	N/A

CONSOLIDATED BALANCE SHEET
As at 31 December

	2008	2007	2006
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Fixed assets	158,534	63,836	38,052
Intangible assets	–	15,578	16,559
Goodwill	226,579	–	–
Loan receivables	1,343,644	10,000	20,000
Deposits for acquisition of subsidiaries	–	17,160	–
Deferred tax assets	3,655	–	–
	1,732,412	106,574	74,611
Current assets			
Inventories	32,372	7,606	3,014
Trade and other receivables	60,216	22,858	4,201
Loan receivables	20,979	26,153	10,000
Amounts due from related companies	–	60,006	13,364
Amount due from a director	78	–	–
Amount due from a shareholder	–	–	5,000
Time deposits	5,685	100,000	–
Cash and cash equivalents	84,686	138,363	17,696
	204,016	354,986	53,275
Current liabilities			
Trade and other payables	853,555	96,335	40,599
Amount due to a related company	2,502	–	–
Bank loans, secured	358,575	1,059	–
Obligations under finance leases	154	–	–
Promissory notes	–	2,480	–
Current taxation	26,030	3,845	1,051
	1,240,816	103,719	41,650
Net current (liabilities)/assets	(1,036,800)	251,267	11,625
Total assets less current liabilities	695,612	357,841	86,236
Non-current liabilities			
Promissory notes	–	–	12,807
Convertible bonds	706,913	–	8,516
	706,913	–	21,323
NET (LIABILITIES)/ASSETS	(11,301)	357,841	64,913
CAPITAL AND RESERVES			
Share capital	115,824	94,842	49,106
Reserves	(198,133)	262,999	15,807
Total (deficit)/equity attributable to equity shareholders of the Company	(82,309)	357,841	64,913
Minority interests	71,008	–	–
TOTAL (DEFICIT)/EQUITY	(11,301)	357,841	64,913

II. AUDITED FINANCIAL STATEMENTS

Set out below are the audited financial statements together with the relevant notes thereto as extracted from the annual report of the Company for the year ended 31 December 2008.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008 (Expressed in Hong Kong dollars)

	Note	2008 *HK$'000*	2007 *HK$'000* (Restated)
Turnover	*4*	301,052	115,656
Cost of sales		(96,483)	(33,602)
Gross profit		204,569	82,054
Other revenue and income	*5*	118,100	11,969
Selling and distribution expenses		(27,596)	(19,274)
General and administrative expenses		(175,232)	(61,704)
Provision for impairment of goodwill	*16*	(604,653)	–
Operating (loss)/profit		(484,812)	13,045
Finance costs	*6(a)*	(44,524)	(2,289)
(Loss)/profit before taxation	*6*	(529,336)	10,756
Income tax	*7*	(10,495)	(5,426)
(Loss)/profit for the year		(539,831)	5,330
Attributable to:			
– Shareholders of the Company	*9*	(545,172)	5,330
– Minority interests		5,341	–
		(539,831)	5,330
(Loss)/earnings per share *(HK cents)*	*11*		
– basic		(53.62)	0.94
– diluted		N/A	0.89

CONSOLIDATED BALANCE SHEET
As at 31 December 2008 (Expressed in Hong Kong dollars)

	Note	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Fixed assets	13(a)	158,534	63,836
Intangible assets	14	–	15,578
Goodwill	16	226,579	–
Loan receivables	17	1,343,644	10,000
Deposits for acquisition of subsidiaries		–	17,160
Deferred tax assets	28(b)	3,655	–
		1,732,412	106,574
CURRENT ASSETS			
Inventories	18	32,372	7,606
Trade and other receivables	19	60,216	22,858
Loan receivables	17	20,979	26,153
Amounts due from related companies	20	–	60,006
Amount due from a director	21	78	–
Time deposits	22	5,685	100,000
Cash and cash equivalents	22	84,686	138,363
		204,016	354,986
CURRENT LIABILITIES			
Trade and other payables	23	853,555	96,335
Amount due to a related company	24	2,502	–
Bank loans, secured	25	358,575	1,059
Obligations under finance leases	26	154	–
Promissory notes	27	–	2,480
Current taxation	28(a)	26,030	3,845
		1,240,816	103,719
NET CURRENT (LIABILITIES)/ASSETS		(1,036,800)	251,267
TOTAL ASSETS LESS CURRENT LIABILITIES		695,612	357,841
NON-CURRENT LIABILITIES			
Convertible bonds	29	706,913	–
NET (LIABILITIES)/ASSETS		(11,301)	357,841
CAPITAL AND RESERVES	31(a)		
Share capital		115,824	94,842
Reserves		(198,133)	262,999
Total (deficit)/equity attributable to equity shareholders of the Company		(82,309)	357,841
MINORITY INTERESTS		71,008	–
TOTAL (DEFICIT)/EQUITY		(11,301)	357,841

BALANCE SHEET

As at 31 December 2008 (Expressed in Hong Kong dollars)

	Note	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Fixed assets	13(b)	–	–
Investments in subsidiaries	15	1	1
Deposits for acquisition of subsidiaries		–	17,160
		1	17,161
CURRENT ASSETS			
Deposits and prepayments	19	543	5,404
Amounts due from subsidiaries	15	736,693	218,554
Time deposits	22	–	100,000
Cash and cash equivalents	22	8	8,410
		737,244	332,368
CURRENT LIABILITIES			
Accrued expenses and other payables	23	1,905	4,142
Amounts due to subsidiaries	15	7,656	329
Promissory notes	27	–	2,480
		9,561	6,951
NET CURRENT ASSETS		727,683	325,417
TOTAL ASSETS LESS CURRENT LIABILITIES		727,684	342,578
NON-CURRENT LIABILITIES			
Convertible bonds	29	706,913	–
NET ASSETS		20,771	342,578
CAPITAL AND RESERVES	31(b)		
Share capital		115,824	94,842
Reserves		(95,053)	247,736
TOTAL EQUITY		20,771	342,578

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2008 (Expressed in Hong Kong dollars)

	Note	2008 HK$'000	2007 HK$'000
TOTAL EQUITY AT 1 JANUARY		357,841	64,913
NET (LOSS)/INCOME RECOGNISED DIRECTLY IN EQUITY			
Exchange differences on translation of financial statements of overseas subsidiaries		4,711	6,464
Net (loss)/profit for the year			
– attributable to equity shareholders of the Company		(545,172)	5,330
– minority interests		5,341	–
		(539,831)	5,330
		(535,120)	11,794
MOVEMENTS IN EQUITY ARISING FROM CAPITAL TRANSACTIONS			
Acquisition of subsidiaries	*30(a)*	65,667	–
Issue of warrants		–	2,455
Equity settled share-based transactions		2,447	–
Shares issued for conversion of convertible bonds	*31(a)*	86,803	8,450
Shares issued for exercise of warrants	*31(a)*	920	5,983
Shares issued for exercise of share options	*31(a)*	10,303	7,200
Shares issued for placement of new shares		–	267,610
Expenses paid for placement of shares in 2007	*31(a)*	(162)	(10,564)
		165,978	281,134
TOTAL (DEFICIT)/EQUITY AT 31 DECEMBER		(11,301)	357,841

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2008 (Expressed in Hong Kong dollars)

	Note	2008 HK$'000	2007 HK$'000
OPERATING ACTIVITIES			
(LOSS)/PROFIT BEFORE TAXATION		(529,336)	10,756
Adjustments for:			
– Depreciation	6(c)	9,459	3,788
– Amortisation of intangible assets	6(c)	1,497	2,055
– Fair value gain on the derivative component of convertible bonds		(73,108)	–
– Loss on disposal of fixed assets	6(c)	583	669
– Finance costs	6(a)	37,563	124
– Interest income	5	(22,086)	(1,065)
– Guarantee profit	5	–	(4,327)
– Provision for impairment of goodwill	6(c)	604,653	–
– Provision for impairment of other receivables	6(c)	17	32
– Equity settled share-based payments		2,447	–
– Waiver of interest on convertible bonds	5	–	(66)
– Waiver of interest on promissory notes	5	(299)	–
– Write-back of trade payables	5	(4,936)	–
OPERATING PROFIT BEFORE CHANGES IN WORKING CAPITAL		26,454	11,966
Increase in inventories		(6,082)	(1,798)
Increase in trade and other receivables		(7,777)	(15,848)
Decrease in amount due from a shareholder		–	5,000
Decrease in amounts due from related companies		60,006	–
Decrease in amount due from a director		29	–
Increase in trade and other payables		11,504	28,114
Decrease in amounts due to related companies		(68,806)	–
NET CASH GENERATED FROM OPERATIONS		15,328	27,434
Income tax paid		(11,112)	(2,932)
NET CASH GENERATED FROM OPERATING ACTIVITIES		4,216	24,502
INVESTING ACTIVITIES			
Proceeds from disposal of fixed assets		620	–
Payment for purchase of fixed assets	13	(17,169)	(14,085)
New loans made		(31,517)	–
Loan repayment received		40,538	–
Deposit refunded/(paid) for acquisition of subsidiaries		13,200	(14,505)
Net cash outflow on acquisition of subsidiaries	30(a)	(123,248)	–
Net cash outflow on acquisition of business	30(b)	–	(136)
Interest received		2,817	698

	Note	2008 HK$'000	2007 HK$'000
NET CASH USED IN INVESTING ACTIVITIES		(114,759)	(28,028)
FINANCING ACTIVITIES			
Proceeds from new bank loan		–	1,059
Repayment of bank loans		(43,648)	–
Proceeds upon placement of new shares		–	267,610
Proceeds upon exercise of share options		10,303	7,200
Proceeds upon issuing of warrants		–	2,455
Proceeds upon exercise of warrants		920	5,983
Expenses paid for conversion of convertible bonds		(2)	–
Expenses paid for placement of shares in 2007		(162)	(10,564)
Repayment of promissory notes		(2,480)	(6,000)
Advances to related companies		–	(46,642)
Loan interest paid		(29,263)	(124)
Capital element of finance lease rentals paid		(84)	–
Interest element of finance lease rentals paid		(13)	–
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		(64,429)	220,977
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(174,972)	217,451
CASH AND CASH EQUIVALENTS AT 1 JANUARY		238,363	17,696
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		26,980	3,216
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	*22*	90,371	238,363

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

1 Company information

China Golden Development Holdings Limited (the "Company") was incorporated in Bermuda on 8 August 2000 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. Its shares have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 23 October 2000. The address of its registered office is Unit 1801, 18th Floor, Tai Yau Building, 181 Johnston Road, Wanchai, Hong Kong.

The Company has its primary listing on the Main Board of the Stock Exchange. The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in note 15 to the financial statements.

These financial statements are presented in thousands of units of Hong Kong dollars *(HK$'000)* unless otherwise stated. These financial statements have been approved for issue by the board of directors on 24 April 2009.

2 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on the changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2008 comprise the Company and its subsidiaries (together referred to as the "Group").

The measurement basis used in the preparation of the financial statements is the historical cost basis except where stated otherwise in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 38.

In preparing the financial statements, the directors have considered the future liquidity of the Group in view of its net current liabilities position as at 31 December 2008. The Group incurred a consolidated net loss from operations attributable to equity holders of the Company of approximately HK$545,172,000 for the year ended 31 December 2008, and had consolidated net current liabilities of approximately HK$1,036,800,000 and a full impairment of issued capital of approximately HK$11,301,000 as at 31 December 2008. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, the directors are of the opinion that the Group will be able to finance its future working capital and financial requirements given that:

(i) the Group has been actively discussing with prospective investors to obtain new working capital;

(ii) the Company's substantial shareholder has agreed to provide financial support as is necessary to enable for the Group to meet its liabilities as they fall due; and

(iii) based on a cash flow forecast prepared by the Group's management for the twelve months ending 31 December 2009, the Group will be able to generate adequate cash flows from its continuing operations.

Accordingly, the directors are of the opinion that it is appropriate to prepare the financial statements for the year ended 31 December 2008 on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the financial statements.

(c) Subsidiaries and minority interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair values of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill *(note 16)*. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised immediately in the profit or loss.

Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Group, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses *(see note 2(j)(ii))*.

(d) Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment *(see note 2(j)(ii))*.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination is recognised immediately in profit or loss.

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(e) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At each balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is charged immediately to profit or loss.

(f) Fixed assets

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses *(see note 2(j)(ii))*.

Depreciation is calculated to write off the cost of fixed assets, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Leasehold improvements	4 to 50 years
Furniture, fixtures and equipment	2 to 19 years
Motor vehicles	5 to 13 years
Machinery	20 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified in the appropriate category of fixed assets when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Gains or losses arising from the retirement or disposal of an item of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(g) Intangible assets (other than goodwill)

Licence is stated in the balance sheet at cost less accumulated amortisation and impairment losses *(see note 2(j)(ii))*.

Amortisation of licence is charged to profit or loss on a straight-line basis over its estimated useful life of 10 years.

Both the period and method of amortisation are reviewed annually.

(h) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 2(f). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(j)(ii). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest rate method, less any identified impairment losses.

(j) Impairment of assets

(i) Impairment of investments in debt and equity securities and trade and other receivables

Investments in debt and equity securities (other than investments in subsidiaries and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities) are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For trade and other receivables, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

– For available-for-sale securities, the cumulative loss that has been recognised directly in equity is removed from equity and is recognised in profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

  Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised directly in equity.

  Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the company is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade and other receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

– fixed assets;
– intangible assets;
– investments in subsidiaries; and
– goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(k) Inventories

Inventories, which represent merchandise held for resale, are carried at the lower of cost and net realisable value.

Cost of merchandise is calculated using the first-in, first-out method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(l) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for doubtful debts *(see note 2(j)(i))*, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for doubtful debts *(see note 2(j)(i))*.

(m) Convertible bonds

(i) Convertible bonds that contain an equity component

Convertible bonds that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition the liability component of the convertible bonds is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the capital reserve until either the bond is converted or redeemed.

If the bond is converted, the capital reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the bond is redeemed, the capital reserve is released directly to retained profits.

(ii) Other convertible bonds

Convertible bonds which do not contain an equity component are accounted for as follows:

At initial recognition the derivative component of the convertible bonds is measured at fair value and presented as part of derivative financial instruments *(see note 2(e))*. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs that relate to the issue of the convertible bond are allocated to the liability and derivative components in proportion to the allocation of proceeds. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in profit or loss.

The derivative component is subsequently remeasured in accordance with note 2(e). The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method.

If the bond is converted, the carrying amounts of the derivative and liability components are transferred to share capital and share premium as consideration for the shares issued. If the bond is redeemed, any difference between the amount paid and the carrying amounts of both components is recognised in profit or loss.

(n) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Interest bearing borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(q) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share potions that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(r) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

(s) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(s)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

Revenue from sales of goods is recognised when the significant risks and rewards of ownership of goods have been transferred to the buyer.

Commission from concessionaire sales is recognised upon the sale of goods by the relevant stores.

Rental income is recognised on a straight-line basis over the period of the respective leases.

Catering income is recognised at the time when the services are rendered.

Interest income is recognised on a time proportion basis using the effective interest method.

Sponsor and service fee income is recognised when the event has occurred and the services are rendered.

(u) Translation of foreign currencies

(a) Functional and presentation currency

Items included in the accounts of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated accounts are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in equity.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(v) Borrowing costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred.

(w) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

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

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(x) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and fixed assets. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between Group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest bearing loans, borrowings, tax balances, corporate and financing expenses.

(y) Derecognition of financial liabilities

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

3 Changes in accounting policies

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. The adoption of these new and revised HKFRSs has no material impact on the Group's financial statements for the current year presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period *(see note 40)*. Consequently, there have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments.

4 Turnover

The Group is principally engaged in the operation of shopping malls in the PRC.

Turnover represents the amounts received and receivable for goods sold by the Group to outside customers, net of discounts and sales related taxes, commission from concessionaire sales and rental income for the year, and is analysed as follows:

	2008	**2007**
	HK$'000	*HK$'000*
		(Restated)
Sales of goods – direct sales	117,695	40,544
Commission from concessionaire sales *(note)*	171,743	67,717
Rental income	11,614	7,395
	301,052	115,656

Note: The commission from concessionaire sales is analysed as follows:

	2008	2007
	HK$'000	*HK$'000*
Gross proceeds from concessionaire sales	959,446	379,711
Commission from concessionaire sales	171,743	67,717

5 Other revenue and income

	2008	2007
	HK$'000	*HK$'000*
Catering income	5,554	2,307
Fair value gain on the derivative component of convertible bonds *(note 29(b))*	73,108	–
Guarantee profit *(note 36(c))*	–	4,327
Interest income on bank deposits	1,994	698
Interest income on loan receivables	20,092	367
Reimbursement of administrative expenses	4,098	1,210
Sponsor and service fee income	1,151	305
Sundry income	6,868	2,689
Waiver of interest on convertible bonds	–	66
Waiver of interest on promissory notes *(Note 27(b))*	299	–
Write-back of trade payables *(note)*	4,936	–
	118,100	11,969

Note: Based on legal advice in the PRC, the Group's trade creditors in the amount of RMB4,340,000 lost their right to recourse on the debts that they have not requested payment for over three years, recognising a write-back of trade payables of HK$4,936,000 in the consolidated income statement.

6 (Loss)/profit before taxation

(Loss)/profit before taxation is arrived at after charging/(crediting):

	2008 *HK$'000*	2007 *HK$'000* (Restated)
(a) Finance costs		
Bank charges	142	98
Credit card expenses	6,819	2,067
	6,961	2,165
Finance charges on obligations under finance leases	13	–
Interest on bank loans wholly repayable within five years	8,994	24
Interest on convertible bonds *(note 29(b))*	28,556	–
Interest on promissory notes	–	100
	37,563	124
	44,524	2,289
(b) Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	50,990	22,788
Pension scheme contributions	3,215	1,209
Share-based payment expenses	1,294	–
	55,499	23,997
(c) Other items		
Auditor's remuneration	1,140	612
Amortisation of intangible assets	1,497	2,055
Cost of inventories sold	96,483	33,602
Depreciation	9,459	3,788
Exchange losses	1,121	260
Fair value gain on the derivative component of convertible bonds	(73,108)	–
Loss on disposal of fixed assets	583	669
Operating lease charges: minimum lease payments		
– in respect of rented properties	55,360	14,166
– in respect of motor vehicles	1,839	–
Provision for impairment of goodwill	604,653	–
Provision for impairment of other receivables	17	32

7 Income tax in the consolidated income statement

(a) Taxation in the consolidated income statement represents:

	2008	2007
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax	–	–
Current tax – PRC Enterprise Income Tax		
Provision for the year *(note 28(a))*	10,231	4,939
Under-provision in respect of prior years	–	487
	10,231	5,426
Deferred tax *(note 28(b))*		
Origination of temporary differences	264	–
	10,495	5,426

The Company and its subsidiaries are subject to income tax on an entity basis on income arising or derived from the tax jurisdiction in which they operate.

The Company is exempted from tax in Bermuda until March 2016.

No provison for Hong Kong Profits Tax has been made in the financial statements as the Group's income neither arises, nor is derived, from Hong Kong in both financial years.

The statutory PRC Enterprise Income Tax rate is 25%. The subsidiaries of the Group operated in the PRC are subject to PRC Enterprise Income Tax as follows:

– Xian Century Ginwa Property Investments Company Limited ("Xian Century Ginwa") enjoys a preferential tax treatment as being a foreign investment enterprise located in the western region of PRC, including a reduction in PRC Enterprise Income Tax rate to 15% until 2010.

– Century Ginwa Urumqi Shopping Mall Company Limited ("Century Ginwa Urumqi") and Century Ginwa Joint Stock Company Limited ("Century Ginwa") are subject to the standard PRC Enterprise Income Tax rate of 25%.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. Under the New Law and Implementation Regulations, the Enterprise Income Tax rate for certain subsidiaries in the PRC was reduced from 30% to 25% from 1 January 2008 onwards.

(b) Reconciliation between tax expense and accounting (loss)/profit at applicable tax rates:

	2008	**2007**
	HK$'000	*HK$'000*
(Loss)/profit before taxation	(529,336)	10,756
Notional tax on (loss)/profit before taxation	(85,378)	1,355
Tax effect of non-deductible expenses	93,566	2,895
Tax effect of temporary differences recognised	264	–
Tax effect of unrecognised temporary differences	(87)	42
Tax effect of unused tax losses not recognised	2,151	647
Under-provision in respect of prior years	–	487
Over-provision in respect of current year	(21)	–
Actual tax expense	10,495	5,426

8 Directors' remuneration and employees' emoluments

(a) Directors' remuneration

Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance and the Listing Rules is as follows:

	2008						
Name of director	Fees *HK$'000*	Salaries, wages and other benefits *HK$'000*	Bonuses *HK$'000*	Pension scheme contributions *HK$'000*	Sub-total *HK$'000*	Share-based payments *HK$'000* *(note (i))*	Total *HK$'000*
Chairman							
Mr. Wu Yijian *(note (ii))*	–	244	–	–	244	–	244
Vice-chairman							
Mr. Hu Yangxiong	–	1,777	100	26	1,903	383	2,286
Executive directors							
Mr. Leung Siu Kuen *(note (iii))*	–	687	54	12	753	182	935
Mr. Sha Yingjie	–	142	515	5	662	243	905
Mr. Qu Jiaqi	–	171	718	5	894	243	1,137
Mr. Li Haogang	–	158	567	5	730	243	973
Mr. Lai Chik Fan *(note (iv))*	–	–	–	–	–	–	–
Independent non-executive directors							
Mr. Chan Wai Kwong, Peter	96	–	–	–	96	–	96
Mr. Xiao Ming *(note (v))*	72	–	–	–	72	–	72
Mr. Fu Wing Kwok, Ewing	96	–	–	–	96	–	96
Mr. Tsang Kwok Wai *(note (vi))*	24	–	–	–	24	–	24
	288	3,179	1,954	53	5,474	1,294	6,768

	2007						
Name of director	Fees *HK$'000*	Salaries, wages and other benefits *HK$'000*	Bonuses *HK$'000*	Pension scheme contributions *HK$'000*	Sub-total *HK$'000*	Share-based payments *HK$'000* *(note (i))*	Total *HK$'000*
Chairman							
Mr. Wu Yijian	–	325	–	–	325	–	325
Vice-chairman							
Mr. Hu Yangxiong	–	1,237	–	12	1,249	–	1,249
Executive directors							
Mr. Leung Siu Kuen	–	540	–	8	548	–	548
Mr. Sha Yingjie	–	48	–	–	48	–	48
Mr. Qu Jiaqi	–	9	–	–	9	–	9
Mr. Li Haogang	–	–	–	–	–	–	–
Mr. Lai Chik Fan	–	–	–	–	–	–	–
Mr. Mo Keung	–	–	–	1	1	–	1
Mr. Lam Chung Fai	–	313	–	4	317	–	317
Independent non-executive directors							
Mr. Chan Wai Kwong, Peter	86	–	–	–	86	–	86
Mr. Kwok Wing Wah	2	–	–	–	2	–	2
Mr. Xiao Ming	86	–	–	–	86	–	86
Mr. Fu Wing Kwok, Ewing	84	–	–	–	84	–	84
	258	2,472	–	25	2,755	–	2,755

Notes:

(i) Share-based payments represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in note 2(q).

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed under the paragraph "Share option scheme" in the Directors' Report and note 32.

(ii) Mr. Wu Yijian resigned on 28 May 2008.

(iii) Mr. Leung Siu Kuen resigned on 11 December 2008.

(iv) Mr. Lai Chik Fan resigned on 9 October 2008.

(v) Mr. Xiao Ming resigned on 26 September 2008.

(vi) Mr. Tsang Kwok Wai was appointed on 25 September 2008.

(b) Five highest paid individuals

Of the five individuals with the highest emoluments, all (2007: four) are directors whose emoluments are disclosed in note 8(a). The aggregate of the emoluments in respect of the other one individual for 2007 are as follows:

	2008 *HK$'000*	**2007** *HK$'000*
Salaries, wages and other benefits	–	306
Pension scheme contributions	–	2
	–	308

The emoluments of nil (2007: one) individual with the highest emoluments are within the following bands:

	2008 *Number of individuals*	**2007** *Number of individuals*
HK$Nil – HK$1,000,000	–	1

9 Loss/profit attributable to equity shareholders of the Company

The consolidated loss/profit attributable to equity shareholders of the Company includes a loss of HK$422,118,000 (2007: a loss of HK$2,319,000) which has been dealt with in the financial statements of the Company.

10 Dividends

The directors do not recommend the payment of dividends for the year ended 31 December 2008 (2007: Nil).

11 (Loss)/earnings per share

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the (loss)/profit attributable to equity shareholders of the Company of HK$545,172,000 (2007: profit of HK$5,330,000) and the weighted average number of 1,016,735,000 ordinary shares (2007: 565,140,000 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

	Number of shares	
	2008	**2007**
	'000	*'000*
Issued ordinary shares at 1 January *(note 31(c))*	948,419	491,067
Effect of share options exercised	16,677	4,175
Effect of exercise of warrants	1,120	2,958
Effect of conversion of convertible bonds	50,519	4,936
Effect of placement of new shares	–	62,004
Weighted average number of ordinary shares at 31 December	1,016,735	565,140

(b) Diluted (loss)/earnings per share

The calculation of diluted (loss)/earnings per share is based on the following data:

(i) (Loss)/profit attributable to ordinary equity shareholders of the Company (diluted)

	2008	**2007**
	HK$'000	*HK$'000*
(Loss)/profit attributable to ordinary equity shareholders	(545,172)	5,330
After tax effect of effective interest on the liability component of convertible bonds	23,844	–
Effect of fair value gain recognised on the derivative component of convertible bonds	(73,108)	–
(Loss)/profit attributable to ordinary equity shareholders (diluted)	(594,436)	5,330

(ii) Weighted average number of ordinary shares (diluted)

	2008	**2007**
	'000	*'000*
Weighted average number of ordinary shares at 31 December	1,016,735	565,140
Effect of conversion of convertible bonds *(note 29)*	–	11,593
Effect of deemed issue of shares under the Company's share option scheme for nil consideration *(note 32)*	–	6,144
Effect of warrants	–	18,010
Weighted average number of ordinary shares at 31 December (diluted)	1,016,735	600,887

The exercise of the outstanding share options and warrants has no dilutive effect for the year ended 31 December 2008 because the exercise price of the Company's share options and warrants were higher than the average market price of the shares during the year.

The convertible bonds have no dilutive effect for the year ended 31 December 2008.

12 Segment reporting

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

In determining the Group's geographical segments, revenues are attributable to the segments based on the location of the customers, and assets are attributable to the segments based on the location of the assets.

(a) Business segments

The following tables present revenue, results and certain assets, liabilities and expenditure information for the Group's business segments:

	Operation of shopping malls in PRC		Others		Consolidated	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue						
Revenue from external customers	301,052	115,656	–	–	301,052	115,656
Total revenue	301,052	115,656	–	–	301,052	115,656
Result						
Segment results	27,504	7,888	(630,416)	(6,812)	(602,912)	1,076
Other income					118,100	11,969
(Loss)/profit from operations					(484,812)	13,045
Finance costs					(44,524)	(2,289)
(Loss)/profit before tax					(529,336)	10,756
Income tax					(10,495)	(5,426)
(Loss)/profit for the year					(539,831)	5,330
Attributable to:						
– Shareholders of the Company					(545,172)	5,300
– Minority interests					5,341	–
					(539,831)	5,300

	Operation of shopping malls in PRC		Others		Consolidated	
	2008	2007	2008	2007	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Asset and Liability						
Segment assets	1,687,811	299,792	248,617	161,768	1,936,428	461,560
Total assets	1,687,811	299,792	248,617	161,768	1,936,428	461,560
Segment liabilities	1,247,063	96,735	700,666	6,984	1,947,729	103,719
Total liabilities	1,247,063	96,735	700,666	6,984	1,947,729	103,719
Expenses						
Depreciation	9,437	3,741	22	47	9,459	3,788
Amortisation of intangible assets	1,497	2,055	–	–	1,497	2,055
Provision for impairment of goodwill	–	–	604,653	–	604,653	–
Provision for impairment of other receivables	17	32	–	–	17	32
Fair value (gain) on the derivative component of convertible bonds	–	–	(73,108)	–	(73,108)	–
Capital expenditure	17,169	14,073	–	12	17,169	14,085

(b) Geographical segments

	PRC		Hong Kong		Consolidated	
	2008	2007	2008	2007	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	301,052	115,656	–	–	301,052	115,656
Other revenue	43,493	6,693	74,607	5,276	118,100	11,969
Total revenue	344,545	122,349	74,607	5,276	419,152	127,625
Segment assets	1,687,811	299,792	248,617	161,768	1,936,428	461,560
Capital expenditure	17,169	14,073	–	12	17,169	14,085

13 Fixed assets

(a) The Group

	Leasehold improvements *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Motor vehicles *HK$'000*	Machinery *HK$'000*	Construction in progress *HK$'000*	Total *HK$'000*
Cost:						
At 1 January 2007	36,290	3,653	–	–	–	39,943
Exchange differences	2,471	232	–	–	–	2,703
Acquisition of business	4,078	9,074	530	–	–	13,682
Additions	4,260	7,243	204	–	2,378	14,085
Disposals	(1,683)	(74)	–	–	–	(1,757)
At 31 December 2007	45,416	20,128	734	–	2,378	68,656
At 1 January 2008	45,416	20,128	734	–	2,378	68,656
Exchange differences	2,824	1,230	26	(174)	127	4,033
Revaluation	5,649	652	–	–	–	6,301
Acquisition of subsidiaries	59,949	9,082	3,416	8,955	3,522	84,924
Additions	13,916	1,768	519	–	966	17,169
Transfers	1,078	–	–	–	(1,078)	–
Disposals	(3,188)	(806)	(563)	–	–	(4,557)
At 31 December 2008	125,644	32,054	4,132	8,781	5,915	176,526
Accumulated depreciation:						
At 1 January 2007	1,190	701	–	–	–	1,891
Exchange differences	129	100	–	–	–	229
Charge for the year	2,124	1,637	27	–	–	3,788
Written back on disposals	(1,051)	(37)	–	–	–	(1,088)
At 31 December 2007	2,392	2,401	27	–	–	4,820
At 1 January 2008	2,392	2,401	27	–	–	4,820
Exchange differences	501	262	3	–	–	766
Revaluation	4,752	1,549	–	–	–	6,301
Charge for the year	5,750	3,020	252	437	–	9,459
Written back on disposals	(2,667)	(643)	(44)	–	–	(3,354)
At 31 December 2008	10,728	6,589	238	437	–	17,992
Carrying value:						
At 31 December 2008	114,916	25,465	3,894	8,344	5,915	158,534
At 31 December 2007	43,024	17,727	707	–	2,378	63,836

The Group has motor vehicles held under finance leases expiring for 3 years. At the end of the lease term the Group has an option to purchase the assets at a price deemed to be a bargain purchase option. None of the leases include contingent rentals. At the balance sheet date, the net book value of motor vehicles held under finance leases of the Group amounted to HK$217,000 (2007: HK$Nil).

(b) The Company

	Furniture, fixtures and equipment
	HK$'000
Cost:	
At 1 January 2007 and 31 December 2007	50
At 1 January 2008	50
Disposals	(50)
At 31 December 2008	–
Accumulated depreciation:	
At 1 January 2007 and 31 December 2007	50
At 1 January 2008	50
Written back on disposals	(50)
At 31 December 2008	–
Carrying value:	
At 31 December 2008	–
At 31 December 2007	–

14 Intangible assets

The Group

	Licence
	HK$'000
Cost:	
At 1 January 2007	17,892
Exchange differences	1,253
At 31 December 2007	19,145
At 1 January 2008	19,145
Exchange differences	3,593
Eliminated upon acquisition of subsidiaries	(22,738)
At 31 December 2008	–
Accumulated amortisation:	
At 1 January 2007	1,333
Exchange differences	179
Charge for the year	2,055
At 31 December 2007	3,567
At 1 January 2008	3,567
Exchange differences	2,648
Charge for the year	1,497
Written back against elimination on consolidation	(7,712)
At 31 December 2008	–
Carrying value:	
At 31 December 2008	–
At 31 December 2007	15,578

The intangible assets represent the right to operate department stores in PRC using the brand name "Century Ginwa" for a 10-year term commencing 13 April 2005 licensed by Century Ginwa to the Group's wholly owned subsidiary, Century Ginwa Urumqi. Upon the acquisition of Century Ginwa by the Group on 31 August 2008 *(see also note 30(a))*, Century Ginwa became a subsidiary of the Group. The above licensing transaction and balance have been eliminated upon consolidation.

15 Investments in subsidiaries

	The Company	
	2008	**2007**
	HK$'000	*HK$'000*
Unlisted shares, at cost	2	2
Less: Provision for impairment loss	(1)	(1)
	1	1
Amounts due from subsidiaries	1,213,692	237,553
Less: Provision for impairment loss	(476,999)	(18,999)
	736,693	218,554
Amounts due to subsidiaries	7,656	329

The amounts due to/from subsidiaries are unsecured, interest free and have no fixed terms of repayment.

Details of the subsidiaries are as follows:

Name	Place of establishment and operation	Particulars of issued and fully paid share capital/ registered capital	Ownership interest Direct	Ownership interest Indirect	Nature of business
Bright Chance (Asia) Limited	Hong Kong	HK$1,000	100%	–	Provision of administrative services
China King Management Limited	Hong Kong	HK$1	100%	–	Investment holding
China Rich International Management Limited	Hong Kong	HK$1	100%	–	Investment holding
Xian Century Ginwa Property Investments Company Limited 西安世紀金花購物有限公司	People's Republic of China	HK$65,000,000	–	100%	Operation of a shopping mall
Century Ginwa Urumqi Shopping Mall (H.K.) Limited	Hong Kong	HK$10	–	100%	Investment holding
Century Ginwa Urumqi Shopping Mall Company Limited 世紀金花烏魯木齊購物中心有限公司	People's Republic of China	RMB50,000,000	–	100%	Operation of a shopping mall
Century Ginwa Joint Stock Company Limited 世紀金花股份有限公司	People's Republic of China	RMB235,500,000	–	76.43%	Operation of a shopping mall
Xian Century Ginwa Property Management Company Limited 西安世紀金花物業管理有限公司	People's Republic of China	RMB1,000,000	–	76.43%	Property management

16 Goodwill

The Group

	HK$'000
Cost:	
At 1 January 2007 and 31 December 2007	4,513
At 1 January 2008	4,513
Additions *(note 30(a))*	831,232
Disposal	(2,802)
At 31 December 2008	832,943
Accumulated impairment:	
At 1 January 2007 and 31 December 2007	4,513
At 1 January 2008	4,513
Provision for impairment loss	604,653
Written back on disposal	(2,802)
At 31 December 2008	606,364
Carrying value:	
At 31 December 2008	226,579
At 31 December 2007	–

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to business segment as follows:

	2008
	HK$'000
Operation of shopping malls in PRC	226,579

The recoverable amount of the CGU is determined based on value-in-use calculations. Goodwill is expected to generate cash flow for an indefinite period. These calculations use cash flow projections based on financial budgets approved by management covering approximately a five-year period. Cash flows beyond that five-year period are extrapolated using the estimated rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value-in-use calculations:

	2008
	%
– Gross margin	19
– Growth rate	2
– Discount rate	14.8

Management determined the budgeted gross margin and growth rate based on past performance and its expectations for market development. The discount rate used is post-tax and reflects specific risks relating to this segment.

17 Loan receivables

	The Group	
	2008	**2007**
	HK$'000	*HK$'000*
At 1 January	36,153	30,000
Exchange differences	(7,738)	–
Add: Acquisition of subsidiaries *(note 30(a))*	1,333,018	–
Add: Additions	43,728	6,153
Less: Settlement during the year	(40,538)	–
At 31 December	1,364,623	36,153
Less: Current portion classified as current assets	(20,979)	(26,153)
Non-current portion	1,343,644	10,000

(a) The carrying amounts of loan receivables are analysed as follows:

	The Group	
	2008	**2007**
	HK$'000	*HK$'000*
Interest free portion	460,956	6,153
Interest bearing portion at 2%-7.839% (2007: 2%)	903,667	30,000
	1,364,623	36,153

(b) Maturity analysis

	The Group	
	2008	**2007**
	HK$'000	*HK$'000*
The loans are receivable as below:		
Within 1 year	20,979	26,153
After 1 year but within 5 years	1,343,644	10,000
	1,364,623	36,153

(c) Currency analysis

The carrying amounts of loan receivables are denominated in the following currencies:

	2008	**2007**
	HK$'000	*HK$'000*
Hong Kong dollars	17,000	30,000
Renminbi	1,347,623	6,153
	1,364,623	36,153

(d)(i) Loans to Ming Fai

On 28 December 2004, Ming Fai Princess Entertainment Limited ("Ming Fai"), a former subsidiary of the Group, entered into an agreement (the "Agreement") with Anglo View Limited (the "Licensee") and Mr. Cai Jun Jie who is the sole legal and beneficial owner of the Licensee. Pursuant to the Agreement, Ming Fai has paid HK$40,000,000 (the "Consideration") to the Licensee in consideration of the Licensee undertaking that it shall pay to Ming Fai 20% of the net profits of the gaming facilities of a cruise ship known as "Ming Fai Princess" for a period of 5 years commencing on 1 January 2005. The aforesaid share of profits shall be payable semi-annually. The Licensee guarantees to Ming Fai that the aforesaid share of annul profits in the two years ended 31 December 2006 shall not be less than HK$5,000,000 each and the aforesaid share of annual profits in the three years ending 31 December 2009 shall not be less than HK$10,000,000 each.

The guaranteed share of profits for the half-year ended 30 June 2005 in the amount of HK$2,500,000 has already been received by Ming Fai in September 2005 and was recognised as revenue in the year ended 30 June 2005.

On 7 October 2005, Ming Fai entered into a supplement agreement (the "Supplemental Agreement") with the Licensee whereby Ming Fai agreed with the Licensee to give up its right to the profits sharing arrangement under the Agreement dated 28 December 2004 as detailed above in exchange of a fixed return from the Licensee, calculated as 2% on the amount of repayment of the outstanding Consideration to be received. The repayments will be made semi-annually in the amount of HK$2,550,000 (including repayment of Consideration in the amount of HK$2,500,000) for the three half-years ended 31 December 2006 and HK$5,100,000 (including repayment of Consideration in the amount of HK$5,000,000) for the six half-years ending 31 December 2009.

On 25 September 2006, Ming Fai, Bright Chance (Asia) Limited ("Bright Chance") and Mr. Cai Jun Jie entered into a loan assignment agreement. Pursuant to the loan assignment agreement, Ming Fai agreed to assign all its rights and benefits in the loan receivable balance of HK$30,000,000 to Bright Chance at a total consideration of HK$30,000,000. The loan receivable balance is interest bearing at 2% per annum and the repayments will be made semi-annually in the amount of HK$5,100,000 (including repayment of the principal in the amount of HK$5,000,000) for the six half years ending 31 December 2009.

(d)(ii) Loan to Fortune Dragon

On 24 January 2008, the Group's wholly owned subsidiary, China King Management Limited entered into an agreement with Fortune Dragon Investments Limited, an independent third party, to grant a loan of HK$21,000,000 and charge interest at the Hong Kong Dollar Prime Rate per annum. On 18 August 2008, the loan was repaid.

(d)(iii) Loans to Ginwa Investments

In September 2008, the Group's newly acquired subsidiary, Century Ginwa, entered into an unsecured loan agreement with Ginwa Investments Company Limited ("Ginwa Investments") for its advances of RMB1,165,348,000 to be repayable by 31 August 2013. The interest bearing loan portion carries interest at the five-year lending rate published by the Bank of China, the PRC *(see note 36 (d))*. Mr. Wu Yijian, a former executive director and chairman of the Company, has a 60% equity interest in Ginwa Investments, thus, Ginwa Investments is a connected party to the Group.

(d)(iv) Other loan receivables

The Group's wholly owned subsidiary, Xian Century Ginwa, signed loan agreements with independent third parties, for unsecured loans of RMB3,500,000, which bear interest at 7.83% per annum and are repayable by 25 March 2009.

In December 2007, the Group's wholly owned subsidiary, Century Ginwa Urumqi signed a loan agreement with its landlord of the shopping mall for a loan of RMB5,750,000, which was unsecured, interest free and was repayable by 31 December 2008. During the year, due to default in repayment from the landlord, the loan was used to offset the rent payable for the shopping mall.

(e) The directors consider that the carrying amounts of loan receivables approximate their fair values.

18 Inventories

Inventories in the balance sheet comprise:

	The Group	
	2008	**2007**
	HK$'000	*HK$'000*
Raw materials	836	337
Low value consumables	2,071	738
Merchandise	29,465	6,531
	32,372	7,606

19 Trade and other receivables

	The Group		The Company	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	8,501	3,249	–	–
Less: Allowance for impairment loss *(note 19(c))*	(3,118)	–	–	–
	5,383	3,249	–	–
Deposits and prepayments	7,497	5,789	543	5,404
Other receivables	10,336	3,979	–	–
Value-added tax recoverable	37,000	9,841	–	–
	60,216	22,858	543	5,404

All of the trade and other receivables are expected to be recovered or recognised as expenses within one year. The directors consider the carrying amounts of trade and other receivables approximate their fair values.

(a) Currency analysis

The carrying amounts of the Group's and the Company's trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong dollars	764	5,843	543	5,404
Renminbi	59,452	17,015	–	–
	60,216	22,858	543	5,404

(b) Aging analysis

Included in trade and other receivables are trade receivables (net of allowance for impairment loss) with the following aging analysis as of the balance sheet date:

	The Group	
	2008	**2007**
	HK$'000	*HK$'000*
0 – 30 days	4,073	2,753
31 – 60 days	175	43
61 – 90 days	107	–
Over 90 days	1,028	453
Amounts past due	5,383	3,249

(c) Impairment of trade receivables

The movement in the allowance for impairment loss during the year is as follows:

	The Group	
	2008	**2007**
	HK$'000	*HK$'000*
At 1 January	–	–
Acquisition of subsidiaries	3,137	–
Exchange differences	(19)	–
At 31 December	3,118	–

(d) Trade receivables that are not impaired

The Group's retail sales to customers are mainly on cash basis, either in cash or credit card payments. The Group does not have a defined fixed credit policy as its major trade receivables arise from credit card sales.

Based on past experience, the directors believe that no impairment allowance is necessary in respect of these trade receivables arise from credit card sales as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

20 Amounts due from related companies

Details disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance in relation to amounts due from related companies in which Mr. Wu Yijian, a former executive director and chairman of the Company, had indirect controlling interests are as follows:

	2008	**Maximum amount outstanding during the year**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Century Ginwa	–	59,201	59,201
Shaanxi Century Ginwa Hi-Tech Shopping Centre Company Limited ("Ginwa Hi-Tech")	–	805	805
	–	60,006	60,006

Upon the acquisition of Century Ginwa by the Group on 31 August 2008 *(see also note 30(a))*, Century Ginwa became a subsidiary of the Group. The above balance has been eliminated upon consolidation.

The amounts due were unsecured, interest free and had no fixed terms of repayment.

The directors consider the carrying amount of amounts due from related companies approximate their fair value. The amounts receivable were denominated in Renminbi and settled during the year.

21 Amount due from a director

Details disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance in relation to amount due from a director are as follows:

	2008	Maximum amount outstanding during the year	2007
	HK$'000	*HK$'000*	*HK$'000*
Mr. Li Haogang	78	200	–

The amount due is unsecured, interest free and has no fixed terms of repayment. The directors consider the carrying amount of amount due from a director approximates its fair value.

The amount receivable is denominated in Renminbi.

22 Cash and cash equivalents

	The Group		The Company	
	2008	2007	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deposits with banks	5,685	100,000	–	100,000
Cash at bank and in hand	84,686	138,363	8	8,410
	90,371	238,363	8	108,410

(a) Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for a period of three months and earn interest at 3.15% per annum. The directors consider the carrying amounts of the cash and cash equivalents approximate their fair values.

(b) The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong dollars	99	158,824	8	108,408
Renminbi *(note 22(c))*	90,263	79,537	–	–
United States dollars	9	2	–	2
	90,371	238,363	8	108,410

(c) The RMB is not freely convertible into other currencies, however, subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

23 Trade and other payables

	The Group		The Company	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	25,306	5,296	–	–
Advances and deposits from staffs	6,107	1,223	–	–
Concessionaire sales payable	209,234	60,745	–	–
Customers' deposits	464,734	10,566	–	–
Dividend payable	64,372	–	–	–
Other payables and accruals	55,744	9,260	1,905	4,142
Other tax payables	1,571	1,163	–	–
Payroll and welfare payables	21,788	6,774	–	–
Renovation retention	2,187	125	–	–
Suppliers' deposits	2,512	1,183	–	–
	828,249	91,039	1,905	4,142
	853,555	96,335	1,905	4,142

All of the trade and other payables are expected to be settled or recognised as an income within one year. The directors consider the carrying amounts of trade and other payables approximate their fair values.

(a) Currency analysis

The carrying amounts of trade and other payables are denominated in the following currencies:

	The Group		**The Company**	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong dollars	2,059	4,519	1,905	4,142
Renminbi	851,496	91,816	–	–
	853,555	96,335	1,905	4,142

(b) Aging analysis

Included in trade and other payables are trade payables with the following aging analysis as of the balance sheet date:

	The Group	
	2008	**2007**
	HK$'000	*HK$'000*
0 – 30 days	19,291	3,912
31 – 90 days	4,803	667
Over 90 days	1,212	717
	25,306	5,296

24 Amount due to a related company

The amount due is unsecured, interest free and has no fixed terms of repayment.

25 Bank loans, secured

The amounts are interest bearing at a range from 5.31% to 13% per annum (2007: 9.72%), secured by investment securities and properties of related companies, guarantees given by its related companies and third parties, and are repayable within one year.

The carrying amounts of bank loans are denominated in the following currencies:

	The Group	
	2008	**2007**
	HK$'000	*HK$'000*
Renminbi	339,119	1,059
United States dollars	19,456	–
	358,575	1,059

26 Obligations under finance leases

At 31 December 2008, the Group had obligations under finance leases repayable as follows:

	2008		**2007**	
	Present value of minimum lease payments	**Total minimum lease payments**	**Present value of minimum lease payments**	**Total minimum lease payments**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 1 year	154	178	–	–
After 1 year but within 5 years	–	–	–	–
	154	178	–	–
Less: Total future interest expenses		(24)		–
Present value of lease obligations		154		–

The average lease term is five years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

27 Promissory notes

	The Group and the Company	
	2008	**2007**
	HK$'000	*HK$'000*
Amount payable for acquisition of Silver Light Group	–	6,807
Adjustment for non-attainment of guarantee profit	–	(4,327)
Amount payable within one year	–	2,480

(a) On 16 May 2006, a promissory note in a principal value of HK$30,000,000 was issued as partial consideration for the acquisition of the entire 100% equity interest in Silver Light Group Limited and its wholly owned subsidiaries, Century Ginwa Urumqi Shopping Mall (H.K.) Limited and Century Ginwa Urumqi (collectively known as "Silver Light Group") *(see also note 36(c))*. The promissory note was due and repayable in two years on 4 May 2006 and interest bearing at 2% per annum. The promissory note was repaid during the year.

(b) Upon repayment by the Group in March 2008, the holders of promissory notes agreed to waive the accrued interest of HK$299,000.

28 Income tax in the consolidated balance sheet

(a) Current taxation in the consolidated balance sheet represents:

	The Group 2008 *HK$'000*	2007 *HK$'000*
Provision for tax for the year *(note 7(a))*	10,231	5,426
Exchange differences	54	–
Provisional tax paid	(6,988)	(1,300)
	3,297	4,126
Balance of tax provision relating to prior years	26,857	844
Under-provision in respect of prior years	–	507
Tax paid for prior years	(4,124)	(1,632)
Current taxation	26,030	3,845

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax assets recognised in the balance sheet and the movements during the year are as follows:

The Group

	Decelerated depreciation allowances *HK$'000*	**Loss on investment** *HK$'000*	**Deferred income** *HK$'000*	**Provision for impairment** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Deferred tax arising from:						
At 1 January 2007 and 31 December 2007	–	–	–	–	–	–
At 1 January 2008	–	–	–	–	–	–
Acquisition of subsidiaries *(note 30(a))*	(5,546)	(213)	1,930	(782)	669	(3,942)
Charge to profit or loss *(note 7(a))*	(251)	–	190	–	325	264
Exchange differences	33	2	(12)	4	(4)	23
At 31 December 2008	(5,764)	(211)	2,108	(778)	990	(3,655)

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Net deferred tax assets recognised on the balance sheet	3,655	–

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(r) the Group has not recognised deferred tax assets in respect of cumulative tax losses of HK$37,053,000 (2007: HK$24,771,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.

29 Convertible bonds

(a) On 16 May 2006, a convertible bond in a principal amount of HK$10,000,000 was issued as partial consideration for the acquisition of Silver Light Group *(see also note 36(c))*.

The convertible bond is due and mature at the end of the two years' period after 4 May 2006. The Company shall repay the principal amount outstanding under the convertible bond to the bondholder(s) on the maturity date. The convertible bond is interest bearing at 1% per annum. The bondholders shall have the right to convert the convertible bond at any time following one year after the date of issue of the convertible bond at the initial conversion price of HK$0.624 per share (subject to the standard adjustment clause relating to the share sub-division, share consolidation and/or rights issues).

The fair value of the liability component, included in long-term borrowings, was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in convertible bond reserve net of deferred income taxes.

On 14 September 2007, the convertible bond of HK$10,000,000 was converted into 16,528,925 new ordinary shares of Company at an adjusted conversion price of HK$0.605 per share.

(b) On 19 September 2008, the Company issued 2.75% convertible bonds with an aggregate principal amount of HK$1,231,612,200. The five-year convertible bonds were issued with a conversion price of HK$0.689 per share and will mature on 18 September 2013. The yield to maturity is 19.12%.

Due to several terms in the convertible bonds including price reset and cash settlement option, the conversion will not result in the exchange of a fixed number of the Company's shares. In accordance with the requirements of HKAS 32, Financial Instruments: Disclosure and Presentation and HKAS 39, Financial Instruments: Recognition and Measurement, the convertible bond contract must be separated into two component elements: a derivative component consisting of the conversion option and a liability component of the straight debt element of the convertible bonds.

On the issue of the convertible bonds, the fair value of the embedded conversion option was calculated using the Trinomial Tree model. The derivative component, the embedded conversion option, is carried at fair value on the balance sheet with any changes in fair value being charged or credited to the income statement in the period when the change occurs. The remainder of the proceeds is allocated to the debt element of the convertible bonds, net of transaction costs, and is recorded as the liability component. The liability component is subsequently carried at amortised cost until extinguished on conversion or redemption. Interest expense is calculated using the effective interest method by applying the effective interest rate to the liability component through the maturity date.

If the convertible bonds are converted, the carrying amounts of the derivative and liability components are transferred to share capital and share premium as consideration for the shares issued. If the convertible bonds are redeemed, any difference between the amount paid related to the liability component and the carrying amounts of liability components is recognised in the income statement.

Fair value of the conversion option

The embedded conversion option has been separated from the host debt contract and accounted for as a derivative liability carried at fair value through profit or loss. The fair value of this conversion option which is not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select an appropriate valuation method and makes assumptions that are mainly based on market conditions existing at each balance sheet date. The valuation model requires the input of subjective assumptions, such as the volatility of the share price, stock closing price, dividend yield, risk-free rate, and expected option life. Changes in subjective input assumptions can materially affect the fair value estimate. For the year ended 31 December 2008, the fair value of the derivative component of the convertible bonds was calculated using the Trinomial Tree model.

The change in the fair value of the conversion option during the period from its issuance resulted in a fair value gain of approximately HK$73,108,000, which has been recorded as "Fair value gain on the derivative component of convertible bonds" in the consolidated income statement for the year ended 31 December 2008.

The carrying values of the derivative component and liability component of the convertible bonds as at 31 December 2008 are as follows:

	The Group and the Company		
	Liability component	**Derivative component**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2008	–	–	–
Issue of convertible bonds *(note 30(a))*	688,534	149,736	838,270
Fair value gain on the derivative component of convertible bonds	–	(73,108)	(73,108)
Interest expense *(note 6(a))*	28,556	–	28,556
Conversion during the year	(71,317)	(15,488)	(86,805)
At 31 December 2008	645,773	61,140	706,913

On 22 September 2008, the convertible bonds in a principal amount of HK$127,396,100 was converted into 184,900,000 ordinary shares.

As a result of the conversion, the outstanding principal amount of the convertible bonds was HK$1,104,216,100 as at 31 December 2008.

30 business combination

(a) Acquisition of Century Ginwa Group

On 25 September 2007, the Group entered into agreements with Ginwa Investments and its associates to acquire a 76.43% equity interest in Century Ginwa and Xian Century Ginwa Property Management Company Limited ("Century Ginwa Group") at an aggregate consideration of RMB180,000,000 in cash and of HK$1,231,612,200 in convertible bonds issued by the Company. The acquisition was completed on 31 August 2008, at which date the fair value of convertible bonds and the cash consideration amounted to HK$1,044,168,000. The fair value of the convertible bonds was determined based on the valuations carried by an independent firm of surveyors, RHL Appraisal Ltd, using Trinomial Tree Model as at that date.

The net assets acquired in the transaction, and the goodwill arising, are as follows:

	Acquiree's carrying amount before combination	**Fair value**
	HK$'000	*HK$'000*
Net assets acquired:		
Fixed assets	104,443	84,924
Loan receivable	1,333,018	1,333,018
Deferred tax assets	3,942	3,942
Inventories	18,684	18,684
Trade and other receivables	29,603	29,597
Amounts due from related companies	16,713	16,713
Amount due from a director	108	108
Bank balances and cash	82,650	82,650
Trade and other payables	(732,158)	(730,644)
Amounts due to fellow subsidiaries	(71,308)	(71,308)
Bank loans, secured	(401,164)	(401,164)
Dividend payable	(13,585)	(13,585)
Obligations under finance leases	(238)	(238)
Current taxation	(22,911)	(22,911)
	347,797	329,786
Less: Dividends declared to former shareholders		(51,183)
Minority interests		(65,667)
Net assets acquired		212,936
Goodwill *(note 16)*		831,232
Total consideration		1,044,168
Satisfied by:		
Cash		205,898
Issue of convertible bonds *(note 29)*		838,270
		1,044,168
Net cash outflow arising on acquisition		
Cash consideration paid		(205,898)
Cash and cash equivalents acquired		82,650
		(123,248)

The goodwill arising on the acquisition of Century Ginwa group was attributable to the anticipated future operating synergies from the combination.

The acquisition had contributed total revenue of HK$143,704,000 and profit before taxation to the Group of approximately of HK$28,798,000 for the period between the date of acquisition and 31 December 2008.

(b) Acquisition of business

On 10 November 2006, Xian Century Ginwa as purchaser entered into an assets acquisition agreement with Ginwa Hi-Tech as vendor, in relation to the purchase of certain assets owned by Ginwa Hi-Tech, for the operation of department store business of the 1st to 4th floors of Shu Ma Da Sha of International Commercial Centre in Xian, the PRC at a consideration of approximately RMB127,000 payable at cash after taking up obligations to pay suppliers in the amount of approximately RMB13,981,000 on completion. After the completion, Xian Century Ginwa could start its department store business in Xian, the PRC. The transaction was approved in the Special General Meeting held on 18 December 2006. Approval was granted by the government authorities and the acquisition was completed on 10 May 2007.

The acquired business contributed revenues of approximately HK$206,962,000 and net profit of approximately HK$5,708,000 for the period between the date of acquisition and 31 December 2007.

The assets and liabilities arising from the acquisition are as follows:

	As at 10 May 2007
	HK$'000
Fixed assets *(note 13)*	13,682
Inventories	2,794
Trade payables	(16,340)
Net assets acquired	136
Total consideration	136
Net cash outflow on acquisition of business	136

31 Capital and reserves

(a) The Group

	Share capital	Share premium	Capital reserve	Share-based payment reserve	Convertible bond reserve	Warrant reserve	Statutory surplus reserve	Exchange reserve	Accumulated losses	Total	Minority interests	Total equity/ (deficit)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2007	49,106	71,905	49,886	3,336	1,550	–	–	1,444	(112,314)	64,913	–	64,913
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	–	6,464	–	6,464	–	6,464
Issue of warrants	–	–	–	–	–	2,455	–	–	–	2,455	–	2,455
Shares issued for conversion of convertible bonds	1,653	8,347	–	–	(1,550)	–	–	–	–	8,450	–	8,450
Placement of new shares	41,228	226,382	–	–	–	–	–	–	–	267,610	–	267,610
Shares issued for exercise of warrants	1,255	4,898	–	–	–	(170)	–	–	–	5,983	–	5,983
Shares issued for exercise of share options	1,600	6,904	–	(1,304)	–	–	–	–	–	7,200	–	7,200
Expenses paid for placement of shares	–	(10,564)	–	–	–	–	–	–	–	(10,564)	–	(10,564)
Profit for the year	–	–	–	–	–	–	–	–	5,330	5,330	–	5,330
Transfer from retained profits	–	–	–	–	–	–	804	–	(804)	–	–	–
At 31 December 2007	94,842	307,872	49,886	2,032	–	2,285	804	7,908	(107,788)	357,841	–	357,841
At 1 January 2008	94,842	307,872	49,886	2,032	–	2,285	804	7,908	(107,788)	357,841	–	357,841
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	–	4,711	–	4,711	–	4,711
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	65,667	65,667
Shares issued for conversion of convertible bonds	18,490	68,313	–	–	–	–	–	–	–	86,803	–	86,803
Shares issued for exercise of warrants	200	770	–	–	–	(50)	–	–	–	920	–	920
Shares issued for exercise of share options	2,292	9,880	–	(1,869)	–	–	–	–	–	10,303	–	10,303
Equity settled share-based transactions												
– Amount recognised during the year	–	–	–	2,447	–	–	–	–	–	2,447	–	2,447
– Forfeiture of share options	–	–	–	(163)	–	–	–	–	163	–	–	–
Expenses paid for placement of shares	–	(162)	–	–	–	–	–	–	–	(162)	–	(162)
Loss for the year	–	–	–	–	–	–	–	–	(545,172)	(545,172)	5,341	(539,831)
Transfer from retained profits	–	–	–	–	–	–	8,344	–	(8,344)	–	–	–
At 31 December 2008	115,824	386,673	49,886	2,447	–	2,235	9,148	12,619	(661,141)	(82,309)	71,008	(11,301)

(b) The Company

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Share-based payment reserve HK$'000	Convertible bond reserve HK$'000	Warrant reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2007	49,106	71,905	49,886	3,336	1,550	–	(112,020)	63,763
Issue of warrants	–	–	–	–	–	2,455	–	2,455
Shares issued for conversion of convertible bonds	1,653	8,347	–	–	(1,550)	–	–	8,450
Placement of new shares	41,228	226,382	–	–	–	–	–	267,610
Shares issued for exercise of warrants	1,255	4,898	–	–	–	(170)	–	5,983
Shares issued for exercise of share options	1,600	6,904	–	(1,304)	–	–	–	7,200
Expenses paid for placement of shares	–	(10,564)	–	–	–	–	–	(10,564)
Loss for the year	–	–	–	–	–	–	(2,319)	(2,319)
At 31 December 2007	94,842	307,872	49,886	2,032	–	2,285	(114,339)	342,578
At 1 January 2008	94,842	307,872	49,886	2,032	–	2,285	(114,339)	342,578
Shares issued for conversion of convertible bonds	18,490	68,313	–	–	–	–	–	86,803
Shares issued for exercise of warrants	200	770	–	–	–	(50)	–	920
Shares issued for exercise of share options	2,292	9,880	–	(1,869)	–	–	–	10,303
Equity settled share-based transactions								
– Amount recognised during the year	–	–	–	2,447	–	–	–	2,447
– Foreiture of share options	–	–	–	(163)	–	–	163	–
Expenses paid for placement of shares	–	(162)	–	–	–	–	–	(162)
Loss for the year	–	–	–	–	–	–	(422,118)	(422,118)
At 31 December 2008	115,824	386,673	49,886	2,447	–	2,235	(536,294)	20,771

(c) Share capital

Authorised and issued share capital

	2008		2007	
	No. of shares *'000*	*HK$'000*	**No. of shares** *'000*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.1 each				
At 1 January	20,000,000	2,000,000	2,000,000	200,000
Increase in authorised share capital	–	–	18,000,000	1,800,000
At 31 December	20,000,000	2,000,000	20,000,000	2,000,000
Ordinary shares, issued and fully paid:				
At 1 January	948,419	94,842	491,067	49,106
Shares issued for conversion of convertible bonds *(note (i))*	184,900	18,490	16,529	1,653
Shares issued for placement of new shares	–	–	412,273	41,228
Shares issued for exercise of share options *(note (ii))*	22,922	2,292	16,000	1,600
Shares issued for exercise of warrants *(note (iii))*	2,000	200	12,550	1,255
At 31 December	1,158,241	115,824	948,419	94,842

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(i) On 22 September 2008, the convertible bond in a principal amount of HK$127,396,100 was converted into 184,900,000 ordinary shares of HK$0.1 each at the conversion price of HK$0.689. The excess of the conversion price over the par value of the new shares, totalling HK$68,313,000, was credited to the share premium account of the Company.

(ii) During the year ended 31 December 2008, 22,922,250 new shares of HK$0.1 each were allotted and issued at a premium of HK$0.35 per share upon the exercise of 22,922,250 share options granted under the share option scheme as mentioned in note 32 to the financial statements. The excess of the issue price over the par value of the new shares, totalling HK$9,880,000, was credited to the share premium account of the Company.

(iii) On 28 June 2007, a board resolution was duly passed with respect to the issue of 98,200,000 warrants of the Company at an issue price of HK$0.025 per warrant for total cash consideration of HK$2,455,000. Each warrant entitles the holder to subscribe for one ordinary share of the Company of HK$0.1 each at an initial subscription price of HK$0.49 per share at any time during the period from 29 June 2007, the date of issue, to 28 June 2009.

During the year ended 31 December 2008, an aggregate of 2,000,000 new shares of HK$0.1 each were issued for cash pursuant to the exercise of 2,000,000 warrants for a total cash consideration of approximately HK$922,000. The excess by the subscription price over the par value of the shares amounted to approximately HK$722,000 was credited to the share premium account of the Company.

At the balance sheet date, the Company had 89,398,156 warrants outstanding. The exercise in full of such warrants would, under the present capital structure of the Company, result in an issue of 89,398,156 additional ordinary shares of the Company, including additional share capital and share premium of approximately HK$8,940,000 and HK$32,273,000 (before expenses) respectively.

(d) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by Section 40 of the Bermuda Companies Act 1981.

(ii) Capital reserve

Capital reserve represents the difference between the nominal value of the ordinary shares issued by the Company and the aggregate of the share capital and share premium of a subsidiary acquired through an exchange of shares pursuant to a group reorganisation (the "Reorganisation") by which the Company became the holding company of the other companies comprising the Group on 28 September 2000.

(iii) Contributed surplus

Contributed surplus represents the difference between the nominal value of the ordinary shares issued by the Company and the net asset value of a subsidiary acquired through an exchange of shares pursuant to the Reorganisation.

Under the Companies Act 1981 of Bermuda (as amended), contributed surplus is distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus of (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

(iv) Share option reserve

The share option reserve comprises the fair value of the actual or estimated number of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for share-based payments in note 2(q).

(v) Statutory surplus reserve

As stipulated by regulations in the PRC, the Group's subsidiaries established and operated in the PRC are required to appropriate 10% of their after-tax profit (after offsetting prior year losses) as determined in accordance with the PRC accounting rules and regulations, to statutory surplus reserve until the reserve balance reaches 50% of the share capital/registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders/equity owners.

(vi) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(u).

(e) Distributability of reserves

At 31 December 2008, the aggregate amount of reserves available for distribution to equity shareholders of the Company was HK$Nil (2007: HK$Nil).

(f) Capital management

The Group's primarily objective when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes judgements to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the Group and the Company monitor its capital structure on the basis of a net debt-to-adjusted-capital ratio. For this purpose the Group and the Company define net debt as total debt which includes trade and other payables, loans, current taxation, amounts due to related companies and subsidiaries, and convertible bonds less cash and cash equivalents. Adjusted capital comprises all components of equity.

During 2008, the Group's strategy was to maintain the net debt-to-adjusted-capital ratio at the lower end of the range 10% to 45%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

	The Group		**The Company**	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current liabilities:				
Trade and other payables	853,555	96,335	1,905	4,142
Amount due to a related company	2,502	–	–	–
Amounts due to subsidiaries	–	–	7,656	329
Bank loans, secured	358,575	1,059	–	–
Obligations under finance leases	154	–	–	–
Promissory notes	–	2,480	–	2,480
Current taxation	26,030	3,845	–	–
	1,240,816	103,719	9,561	6,951
Non-current liabilities:				
Convertible bonds	706,913	–	706,913	–
Total	1,947,729	103,719	716,474	6,951
Less: Cash and cash equivalents	90,371	238,363	8	108,410
Net debt	1,857,358	(134,644)	716,466	(101,459)
Total (deficit)/equity	(11,301)	357,841	20,771	342,578
Adjusted capital	(11,301)	357,841	20,771	342,578
Net debt-to-adjusted-capital ratio	N/A	(38%)	3,449%	(30%)

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

32 Equity settled share-based transactions

The Company operates a share option scheme for the purpose of attracting and retaining quality personnel and providing incentives to eligible participants, including any directors, employees, consultants and service providers of the Group and any persons or entities having business with the Group. The scheme was introduced on 6 November 2001 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares in respect of which share options may be granted under the scheme shall not exceed 10% of the number of issued shares of the Company at 6 November 2001 ("General Limit") unless its shareholders in general meeting renew such a limit. The General Limit was revised to 40,922,250 shares at a Special General Meeting ("SGM") of the Company held on 15 June 2004 and further revised by 40,922,250 shares at the SGM of the Company held on 12 April 2006. The General Limit was then revised again in the Annual General Meetings of the Company on 8 January 2007 and 6 June 2008 to 49,106,695 shares and 96,334,085 shares respectively. Notwithstanding the foregoing, the aggregate number of shares issued or issuable under the scheme and any other scheme(s) of the Company shall not exceed 30% of its issued share capital from time to time.

The offer of a grant of share options may be accepted by the grantee within 21 days from the date of the offer. The exercise period of the share options granted (including the minimum period, if any, for which an option must be held before it can be exercised) is determinable by the directors of the Company, and such period of time shall not be later than 6 November 2011.

The exercise price of the share options shall be the higher of (i) the nominal value of the shares; (ii) the closing price of the shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant; and (iii) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant (subject to scheme adjustments).

Details of movements in share options granted under the scheme:

				Number of share options				
Name of participants	**Date of grant**	**Exercise price** *HK$*	**Vesting and exercise period**	**Outstanding as at 1 January 2008**	**Granted during the year**	**Exercised during the year**	**Forfeited/ lapsed during the year**	**Outstanding as at 31 December 2008**
Directors								
Mr. Hu Yangxiong	15 Jan 2008	0.74	16 Jan 2008 to 15 Jan 2010	–	3,154,000	–	–	3,154,000
Mr. Leung Siu Kuen	15 Jan 2008	0.74	16 Jan 2008 to 15 Jan 2010	–	1,500,000	–	–	1,500,000
Mr. Li Haogang	25 May 2006	0.45	25 May 2006 to 25 May 2008	3,022,250	–	(3,022,250)	–	–
	15 Jan 2008	0.74	16 Jan 2008 to 15 Jan 2010	–	2,000,000	–	–	2,000,000
Mr. Qu Jiaqi	25 May 2006	0.45	25 May 2006 to 25 May 2008	3,900,000	–	(3,900,000)	–	–
	15 Jan 2008	0.74	16 Jan 2008 to 15 Jan 2010	–	2,000,000	–	–	2,000,000
Mr. Sha Yingjie	25 May 2006	0.45	25 May 2006 to 25 May 2008	2,000,000	–	(2,000,000)	–	–
	15 Jan 2008	0.74	16 Jan 2008 to 15 Jan 2010	–	2,000,000	–	–	2,000,000
Employees	25 May 2006	0.45	25 May 2006 to 25 May 2008	16,000,000	–	(14,000,000)	(2,000,000)	–
	15 Jan 2008	0.74	16 Jan 2008 to 15 Jan 2010	–	10,000,000	–	(10,000,000)	–
Consultants	23 Feb 2004	0.54	23 Feb 2004 to 22 Feb 2009	4,092,225	–	–	–	4,092,225
	26 Mar 2004	0.463	26 Mar 2004 to 25 Mar 2009	12,276,675	–	–	–	12,276,675
	15 Jan 2008	0.74	16 Jan 2008 to 15 Jan 2010	–	28,452,000	–	(18,968,000)	9,484,000
				41,291,150	49,106,000	(22,922,250)	(30,968,000)	36,506,900

Mr. Leung Siu Kuen resigned as director of the Company on 11 December 2008.

(a) The terms and conditions of the grants that existed during the years are as follows, whereby all options are settled by physical delivery of shares:

	Number of options	**Vesting conditions**	**Contractual life of options**
Options granted to directors:			
– on 25 May 2006	8,922,250	Half year from the date of grant	2 years
– on 15 Jan 2008	10,654,000	Half year from the date of grant	2 years
Options granted to employees and consultants:			
– on 23 Feb 2004	4,092,225	Half year from the date of grant	5 years
– on 26 Mar 2004	12,276,675	Half year from the date of grant	5 years
– on 25 May 2006	16,000,000	Half year from the date of grant	2 years
– on 15 Jan 2008	38,452,000	Half year from the date of grant	2 years
Total share options	90,397,150		

(b) The number of share options are as follows:

	2008 *Number of options*	**2007** *Number of options*
At 1 January 2008	41,291,150	57,291,150
Exercised during the year	(22,922,250)	(16,000,000)
Forfeited/lapsed during the year	(30,968,000)	–
Granted during the year	49,106,000	–
At 31 December 2008	36,506,900	41,291,150

Exercisable at the end of the year

The weighted average share price at the date of exercise for share options exercised during the year was HK$0.45 (2007: HK$0.83).

The options outstanding at 31 December 2008 had exercise prices of HK$0.74, HK$0.54 and HK$0.463 (2007: HK$0.45, HK$0.54 and HK$0.463) and a weighted average remaining contractual life of one year (2007: one year).

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the Black-Scholes Option Pricing Model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the model.

Fair value of share options and assumptions	**2008**
Fair value at measurement date	HK$0.25
Share price	HK$0.74
Exercise price	HK$0.74
Expected volatility (expressed as weighted average volatility used in the model)	94.164%
Option life	2 years
Risk-free interest rate (based on Exchange Fund Notes)	1.89% – 1.90%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

33 Financial instruments

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 December 2008 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the balance sheet. In order to minimise the credit risk, the management of the Group has formulated a defined fixed credit policy and delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade receivable regularly at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. Retail sales are mainly on cash basis, either in cash, debit card or credit card payments. The Group has no significant concentration of credit risk in relation to trade and other receivables, with exposure spread over a number of counterparties and customers.

For loan receivables as set out in note 17, the Group reviews the recoverable amount of each loan receivable on a regular basis and the value of pledged assets, if any, to ensure adequate impairment losses are made for irrecoverable amounts.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies and government authority.

(b) Liquidity risk

The Group regularly monitors current and expected liquidity requirements to ensure that it maintains cash to meet such requirements in the short and longer term.

(i) The Group

	2008					2007		
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade and other payables	853,555	853,555	853,555	–	–	96,335	96,335	96,335
Amount due to a related company	2,502	2,502	2,502	–	–	–	–	–
Bank loans, secured	358,575	358,575	358,575	–	–	1,059	1,059	1,059
Obligations under finance leases	154	178	178	–	–	–	–	–
Promissory notes	–	–	–	–	–	2,480	2,480	2,480
Current taxation	26,030	26,030	26,030	–	–	3,845	3,845	3,845
Convertible bonds	706,913	1,247,432	30,404	30,366	1,186,662	–	–	–
	1,947,729	2,488,272	1,271,244	30,366	1,186,662	103,719	103,719	103,719

(ii) The Company

	2008					2007		
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade and other payables	1,905	1,905	1,905	–	–	4,142	4,142	4,142
Amounts due to subsidiaries	7,656	7,656	7,656	–	–	329	329	329
Promissory notes	–	–	–	–	–	2,480	2,480	2,480
Convertible bonds	706,913	1,247,432	30,404	30,366	1,186,662	–	–	–
	716,474	1,256,993	39,965	30,366	1,186,662	6,951	6,951	6,951

(c) Interest rate risk

The Group has no significant interest bearing assets other than cash at banks and loan receivables.

The Group's interest rate risk arises primarily from bank loans and obligations under finance leases. These borrowings at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively.

(i) Interest rate profile

The Group's interest rate profile as monitored by management is set out below:

	2008		2007	
	Effective interest rate		**Effective interest rate**	
	%	*HK$'000*	*%*	*HK$'000*
Fixed rate borrowings:				
Obligations under finance leases	5.58%	154		–
Bank loans, secured	7.29%	317,646	9.72%	1,059
Convertible bonds	16.32%	706,913		–
		1,024,713		1,059
Variable rate borrowings:				
Bank loans, secured	5.31%-7.47%	40,929		–
		40,929		–
Total interest bearing liabilities		1,065,642		1,059
Fixed rate interest bearing assets:				
Loan receivables	2%-7.839%	(20,979)		–
Variable rate interest bearing assets:				
Loan receivables	5.76%-7.47%	(882,688)	2%	(30,000)
Time deposits	3.15%	(5,685)	3.3%	(100,000)
Cash at banks		(83,738)		(112,497)
		(972,111)		(242,497)
Total interest bearing assets		(993,090)		(242,497)
Net interest bearing liabilities/ (assets)		72,552		(241,438)

(ii) Sensitivity analysis

At 31 December 2008, it is estimated that a general increase/decrease of 10 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's loss after tax and accumulated losses by approximately HK$778,000 (2007: HK$200,000). Other components of equity would not be affected by the changes in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 10 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date.

(d) Foreign currency risk

The Group is exposed to currency risks primarily through sales, purchases and borrowings that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily United States dollars and Renminbi.

Renminbi is not freely convertible into foreign currencies. All foreign exchange transactions involving Renminbi must take place through the People's Bank of China or other institutions authorised to buy and sell foreign exchange. The exchange rate adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China.

In respect of trade and other receivables, trade and other payables and borrowings held in a currency other than the functional currency of the operations to which they relate, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rate where necessary to address short-term imbalances.

The following table details the Group's exposure at the balance sheet date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

(i) Exposure to currency risk

The Group

	2008	
	United States dollars	*Renminbi*
	'000	*'000*
Trade and other receivables	–	59,452
Loan receivables	–	1,347,623
Amount due from a director	–	78
Time deposits	–	5,685
Cash and cash equivalents	2	90,263
Trade and other payables	–	(851,496)
Amount due to a related company	–	(2,505)
Bank loans, secured	(19,456)	(339,119)
Obligations under finance leases	–	(154)
Overall net exposure	(19,454)	309,827

	2007	
	United States dollars	*Renminbi*
	'000	*'000*
Trade and other receivables	–	17,015
Loan receivables	–	6,153
Amounts due from related companies	–	60,006
Time deposits	–	–
Cash and cash equivalents	2	79,537
Trade and other payables	–	(91,815)
Bank loans, secured	–	(1,059)
Promissory notes	–	–
Overall net exposure	2	69,837

The Company

	2008	
	United States dollars '000	*Renminbi '000*
Deposits and prepayments	–	–
Amounts due from subsidiaries	–	–
Cash and cash equivalents	2	–
Accrued expenses and other payables	–	–
Amounts due to subsidiaries	–	(1,136)
Overall net exposure	2	(1,136)

	2007	
	United States dollars '000	*Renminbi '000*
Deposits and prepayments	–	–
Amounts due from subsidiaries	–	–
Time deposits	–	–
Cash and cash equivalents	2	–
Accrued expenses and other payables	–	–
Amounts due to subsidiaries	–	(328)
Promissory notes	–	–
Overall net exposure	2	(328)

(ii) Sensitivity analysis

The following table indicates the approximate increase/decrease in the Group's loss for the year in response to 5% strengthening/weakening of Hong Kong dollars against the foreign currencies to which the Group has significant exposure at the balance sheet date. The sensitivity analysis includes balances between group companies where the denomination of the balances is in a currency other than the functional currencies of the lender or the borrower.

	2008	**2007**
	HK$'000	*HK$'000*
United States dollars		
– 5% strengthening of HK$	812	–
– 5% weakening of HK$	(812)	–
Renminbi		
– 5% strengthening of HK$	(12,935)	(2,881)
– 5% weakening of HK$	12,935	2,881

The sensitivity analysis above has been determined assuming that the change in foreign exchange rate had occurred at the balance sheet date and had been applied to each of the Group entities' exposure to currency risk for financial instrument in existence at that date, and that all other variables, in particular interest rates, remain constant. The stated changes represent management's assessment of reasonably possible changes in foreign exchange rate over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2007.

(e) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2008 and 2007.

34 Commitments

(a) Capital commitments outstanding at 31 December 2008 not provided for in the financial statements were as follows:

	The Group	
	2008	**2007**
	HK$'000	*HK$'000*
Contracted but not provided for:		
– in respect of purchases of fixed assets	6,804	2,093

(b) At 31 December 2008, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	The Group			
	2008			**2007**
	Properties	**Motor vehicles**	**Total**	**Properties**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 1 year	95,701	1,896	97,597	12,501
After 1 year but within 5 years	193,676	136	193,812	31,075
After 5 years	229,634	–	229,634	77,040
	519,011	2,032	521,043	120,616

The Group is the lessee in respect of a number of properties and motor vehicles held under operating leases. The leases typically run for an initial period of 3 to 20 years, at the end of which period all terms are renegotiated. None of the leases includes contingent rentals.

(c) At 31 December 2008, the total future minimum sublease payments under non-cancellable operating subleases were receivable as follows:

	The Group	
	2008	**2007**
	HK$'000	*HK$'000*
Within 1 year	7,441	5,753
After 1 year but within 5 years	18,983	18,600
After 5 years	509	851
	26,933	25,204

The Group subleases out shopping areas in the shopping mall and office premises under operating leases. The leases typically run for an initial period of 1 to 10 years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payments receivable are fixed during the lease terms. Certain leases include contingent rentals.

35 Contingent liabilities

(a) Litigation

(i) On 14 September 2003, Century Ginwa entered into a guarantee contract with a bank to provide guarantee to secure a bank loan of RMB8,400,000, which was interest bearing at 6.039% per annum, granted to an unrelated party (the "Borrower I") for a period from 14 September 2003 to 13 March 2005. The guarantee period given by Century Ginwa was two years starting from 14 March 2005. By default of the Borrower I, a court judgement was obtained by the bank against Century Ginwa for the repayment of the bank loan together with interest thereon. On 24 April 2007, an independent third party agreed to put up guarantee to the court by his own shares in a limited company with cost of RMB4,900,000 and the court issued a court order to freeze the shares until 27 October 2007. On 28 October 2008, Ginwa Hi-Tech entered into an agreement with Century Ginwa, in which it agreed to undertake Century Ginwa's repayment liability of the bank loan. On 31 December 2008, the amount was fully settled.

(ii) On 22 July 2004, Century Ginwa together with Mr. Wu Yijian (collectively known as the "Guarantor I"), entered into guarantee contracts with a financial institution to provide guarantees to secure a bank loan of RMB3,000,000, which was interest free, granted to Ginwa Enterprise (Group) Inc. ("Ginwa Enterprise"), for a period from 20 July 2004 to 31 August 2004. The guarantee period given by the Guarantor I was two years starting from 31 August 2004. By default of Ginwa Enterprise, a court judgement was obtained by the financial institution on 2 November 2006 against the Guarantor I for the repayment of the bank loan. On 11 August 2008, a court judgement was announced to withhold bank deposit of RMB1,720,000 under Century Ginwa to repay the bank loan due to the financial institution. On 31 August 2008, the amount was fully settled and the liabilities were released by the court on 5 November 2008.

(iii) On 7 September 2005, Century Ginwa, together with other four unrelated parties (collectively known as the "Guarantor II"), entered into guarantee contracts with a bank to provide guarantees to secure a bank loan of RMB24,000,000, which was interest bearing at 6.138% per annum, granted to an unrelated party (the "Borrower II") for a period from 7 September 2005 to 6 June 2006. The guarantee period given by the Guarantor II was two years starting from 6 June 2006. By default of the Borrower II, a court judgement was obtained by the bank on 30 October 2006 against the Guarantor II for the repayment of the bank loan together with interest and administrative expenses thereon. On 31 August 2008, Ginwa Investments entered into a counter-indemnity agreement with Century Ginwa to indemnify it against any loss that may arise from this guarantee. On 31 December 2008, the outstanding balance of the bank loan was approximately RMB18,249,000.

The directors consider that, given the nature of the claims and the preliminary status of these proceedings, it is not possible to estimate the eventual outcome of the claims with reasonable certainty at this stage. In addition, Ginwa Investments has agreed to indemnify Century Ginwa against any loss that may arise from this guarantee and therefore, no provision for penalty interest or other damages has been made in these financial statements.

(b) Financial guarantees issued

(i) On 18 April 2006, Century Ginwa, together with other three unrelated parties (collectively known as the "Guarantor III"), entered into guarantee contracts with a bank to provide guarantees to secure a bank loan of RMB13,460,000 ("First Bank Loan"), which was interest bearing at 5.22% per annum, granted to an unrelated company (the "Borrower III") for a period of six months from 27 April 2006 to 27 October 2006. The guarantee period given by the Guarantor III was two years starting from 27 October 2006.

On 27 October 2006, the Borrower III negotiated with the bank for a bank loan of RMB12,000,000 ("Second Bank Loan") which was interest bearing at 5.58% per annum, for a further six months until 26 April 2007 to repay the First Bank Loan, and the First Bank Loan was then fully settled. Under the new loan agreement, the guarantee period given by the Guarantor III was extended for a further six months until 26 April 2009.

On 23 April 2008, the Borrower III negotiated with the bank for another loan of RMB4,500,000, which was interest bearing at 7.227% per annum, for a further eighteen months until 22 October 2008 to repay the Second Bank Loan. Under the new loan agreement, the guarantee period given by the Guarantor III was extended for a further eighteen months until 23 October 2010. On 31 August 2008, Ginwa Investments entered into a counter-indemnity agreement with Century Ginwa to indemnify it against any loss that may arise from this guarantee. On 31 December 2008, the outstanding balance of the bank loan was RMB2,496,751.

As at 31 December 2008, the directors consider that the Borrower III will settle the amount in the near future and any claim made by the bank to Century Ginwa is unlikely. In addition, Ginwa Investments has agreed to indemnify Century Ginwa against any loss that may arise from this guarantee and therefore, a provision for penalty interest or other damages has not been made in these financial statements.

(ii) On 30 June 2008, Century Ginwa, together with Ginwa Investments and Ginwa Enterprise (collectively known as the "Guarantor IV"), entered into guarantee contracts with a bank to provide guarantees to secure a bank loan of RMB90,000,000, which was interest bearing at 9.486% per annum, granted to 陝西新世界醫葯有限公司 (the "Borrower IV") for a period from 30 June 2008 to 31 July 2008. The guarantee period given by the Guarantor IV was two years starting from 31 July 2008. Ginwa Investments has equity interests in 陝西新世界醫葯有限公司. On 31 August 2008, Ginwa Investments entered into a counter-indemnity agreement with Century Ginwa to indemnify it against any loss that may arise from this guarantee.

(iii) On 29 September 2007, Century Ginwa entered into guarantee contracts with a bank to provide guarantees to secure a bank loan of RMB18,900,000, which was interest bearing at 9.534% per annum, granted to a Ginwa Investments for a period from 29 September 2007 to 28 September 2008. The guarantee period given by Century Ginwa was two years starting from 28 September 2008. On 31 August 2008, Ginwa Investments entered into a counter-indemnity agreement with Century Ginwa to indemnify it against any loss that may arise from this guarantee. On 29 September 2008, Ginwa Investments negotiated with the bank to extend the loan period for eleven months until 28 August 2009, with interest bearing at 15.3421% per annum. The guarantee period given by Century Ginwa was extended for eleven months until 28 August 2011.

36 Material related party transactions

(a) Transactions with key management personnel

All key management personnel are directors of the Company, and their remuneration is disclosed in note 8(a).

(b) Certain bank borrowings of the Group secured by guarantees from certain related parties are as follows:

		2008	2007
	Note	*HK$'000*	*HK$'000*
Xian Ya Jian International Golf Company Limited ("Ya Jian")	*(1)*	95,628	–
Ginwa Enterprise together with Mr. Wu Yijian	*(1)*	15,917	–
Ginwa Enterprise	*(1)*	71,057	–
Ginwa Investments together with 金花國際大酒店有限公司	*(1)*	56,142	–
Ginwa Investments together with Ya Jian	*(1)*	40,929	–
Ginwa Investments	*(1)*	78,902	–
		358,575	–

(c) Save as disclosed elsewhere in the financial statements, the Group had the following significant related party transactions during the year:

		2008	2007
	Note	*HK$'000*	*HK$'000*
Guarantee profit	*(2)*	–	4,327
Interest receivable from Ginwa Investments	*(1)*	19,269	–
Rent paid to Ginwa Enterprise	*(1)*	7,268	6,164
Repairs and maintenance fee paid to Ginwa Hi-Tech	*(1)*	673	308

Note:

(1) Ya Jian, Ginwa Investments, Ginwa Enterprise, 金花國際大酒店有限公司 and Ginwa Hi-Tech are related to the Group by virtue of Mr. Wu Yijian, the former executive, director and chairman's equity interests in them.

(2) Pursuant to the sale and purchase agreement entered into with Mr. Guo Qiang and Mr. Li Haogang (the "Vendors") by the Company on 16 February 2006 for the acquisition of Silver Light Group, the Vendors guaranteed that the audited profit before tax of Century Ginwa Urumqi for the financial years ended 31 December 2006 and 2007 would not be less than RMB14,000,000 in aggregate. At 31 December 2007, the Vendors compensated the Company a guarantee profit of HK$4,327,000 by an adjustment to the promissory notes issued to the Vendors *(see also note 27)*. As Mr. Wu Yijian is the elder brother of Mr. Guo Qiang, Mr. Guo is deemed as a connected person of the Company under the Listing Rules.

(d) Other related party transactions

On 25 September 2007, the Group's wholly-owned subsidiary, China Rich International Management Limited ("China Rich") entered into an acquisition agreement with Ginwa Investments in which China Rich agreed to acquire and Ginwa Investments agreed to dispose of a 76.43% equity interest in Century Ginwa owned by Ginwa Investments at a consideration of RMB180,000,000 (the "CG Acquisition"). On the same day, the Company also entered into an agreement with Best Mineral Resources Limited ("Best Mineral") and Mr. Wu (the "BM Agreement"), pursuant to which Best Mineral agreed to (i) assist the Company, China Rich and their agents and advisers in obtaining the right to access the books, records and other related documents of Century Ginwa; (ii) procure Century Ginwa to assist the Company, China Rich and their agents and advisers in their due diligence review; (iii) provide the relevant information and files upon request by the Company, China Rich and their agents and advisers; and (iv) assist the Company in drafting the Acquisition Agreement, and in consideration of Best Mineral's provision of the Profit Guarantee and the Repayment Guarantee, the Company agreed to issue convertible bonds in a principal amount of HK$1,231,612,200 to Best Mineral upon the completion of the CG Acquisition.

Upon completion of the acquisition agreement, Ginwa Investments shall be obliged to repay the amount due to Century Ginwa to Century Ginwa within a period of five years commencing from the completion of the Acquisition with interest at the five-year lending rate published by the Bank of China, the PRC as at the date of completion of the CG Acquisition *(see also note 17(d)(iii))*.

Since Ginwa Investments is 60% owned by Mr. Wu, being an executive director of the Company before he resigned on 28 May 2008, Ginwa Investments is a connected person of the Company. Therefore, the entering into of the acquisition agreement between Ginwa Investments and China Rich, a wholly-owned subsidiary of the Company, constitutes a non-exempted connected transaction. Best Mineral is the substantial shareholder of the Company. Best Mineral is a connected person of the Company by virtue of it being a substantial shareholder, and the entering into of the BM Agreement among the Company, Best Mineral and Mr. Wu therefore constitutes a non-exempted connected transaction. Mr. Qu Jiaqi, Mr. Li Haogang and Mr. Sha Yingjie, executive directors of the Company, are also executive directors and senior staff of Century Ginwa.

These transactions were approved in the SGM held on 17 January 2008. The indirect shareholding of Mr. Wu ceased in June 2008. Approvals were granted by related China government authorities on the CG Acquisition on 31 August 2008.

(e) Balances with related parties are disclosed in the balance sheets and in notes 17, 20, 21 and 24.

37 Non-adjusting post balance sheet events

Save as disclosed elsewhere in the financial statements, there were no other significant events that took place subsequent to 31 December 2008.

38 Key sources of estimation uncertainty

The management had made the following estimates and assumptions in the process of applying the Group's accounting policies, which are described in note 2(b), that have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities as discussed below.

(a) Useful lives of fixed assets and depreciation

The Group's management determines the estimated useful lives and related depreciation for the Group's fixed assets. This estimate is based on the historical experience of the actual useful lives of fixed assets of similar nature and functions.

(b) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer taste or competitor actions in response to severe consumer product industry cycles. Management reassesses these estimates at each balance sheet date.

(c) Allowances for doubtful debts

The policy for allowance of doubtful debts of the Group is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

(d) Income taxes

The Group is primarily subject to income taxes in the PRC. Significant estimation and judgement are required in determining the amount of the provision for tax and the timing of payment of the related taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final outcome of tax assessment is different from the carrying amounts of tax provision, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

39 Comparative figures, restatements and reclassifications

(a) Revenue recognition

In previous years, gross proceeds from concessionaire sales and net proceeds payable to relevant stores after deduction of commission receivable by the Group were included in turnover and cost of sales of the Group respectively. In the current year, the Group has recognised commission income from concessionaire sales as revenue only. The directors consider that the restatement reflects more appropriately the nature of this income.

(b) Comparative figures

Certain comparative amounts have been reclassified and adjusted to conform with the current year's presentation.

40 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2008

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2008 and which have not been adopted in these financial statements:

HKFRSs (Amendments)	Improvements to HKFRSs [1]
HKAS 1 (Revised)	Presentation of financial statements [2]
HKAS 23 (Revised)	Borrowing costs [2]
HKAS 27 (Revised)	Consolidated and separate financial statements [3]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation [2]
HKAS 39 (Amendment)	Eligible hedged items [3]
HKFRS 1 (Revised)	First-time adoption of Hong Kong Financial Reporting Standards [3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate [2]
HKFRS 2 (Amendment)	Vesting conditions and cancellations [2]
HKFRS 3 (Revised)	Business combinations [3]
HKFRS 8	Operating segments [2]
HK(IFRC)-Int 13	Customer loyalty programmes [4]
HK(IFRC)-Int 15	Agreements for the construction of real estate [2]
HK(IFRC)-Int 16	Hedges of a net investment in a foreign operation [5]
HK(IFRC)-Int 17	Distribution of non-cash assets to owners [3]
HK(IFRC)-Int 18	Transfers of assets from customers [3]

1 *Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009*

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

3 *Effective for annual periods beginning on or after 1 July 2009*

4 *Effective for annual periods beginning on or after 1 July 2008*

5 *Effective for annual periods beginning on or after 1 October 2008*

The Group is assessing the impact of these amendments and new standards and has so far concluded that they are not in a position to state whether their adoption will have a significant impact on the Group's results of operations and financial position.

III. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2009

Set out below are the unaudited consolidated financial statements of the Group for the six months ended 30 June 2009 which are published in the Company's interim report 2009:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009

		(Unaudited) Six months ended 30 June	
		2009	**2008**
	Note	*HK$'000*	*HK$'000* (restated)
Turnover	*3*	262,694	88,345
Cost of sales		(80,666)	(24,658)
Gross profit		182,028	63,687
Other revenue		41,950	8,300
Selling and distribution expenses		(18,863)	(9,751)
General and administrative expenses		(125,244)	(44,050)
Equity settled share-based payment expense for share options granted	*4*	(1,276)	(1,170)
Operating profit		78,595	17,016
Finance costs	*5(a)*	(69,179)	(2,084)
Profit before taxation	*5*	9,416	14,932
Income tax	*6*	(19,746)	(4,323)
(Loss)/profit for the period		(10,330)	10,609
Attributable to:			
– Equity shareholders of the Company		(20,127)	10,609
– Minority interests		9,797	–
(Loss)/profit for the period		(10,330)	10,609
(Loss)/earnings per share *(HK cents)*	*7*		
– basic		(1.74)	1.11
– diluted		N/A	1.08

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	(Unaudited) Six months ended 30 June	
	2009	**2008**
	HK$'000	*HK$'000*
(Loss)/profit for the period	(10,330)	10,609
Other comprehensive (loss)/income		
Exchange differences on translation of financial statements of overseas subsidiaries	(726)	10,905
Total comprehensive (loss)/income for the period	(11,056)	21,514
Attributable to:		
– Equity shareholders of the Company	(20,853)	21,514
– Minority interests	9,797	–
Total comprehensive (loss)/income for the period	(11,056)	21,514

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2009

	Note	(Unaudited) At 30 June 2009 HK$'000	(Audited) At 31 December 2008 HK$'000
Non-current assets			
Fixed assets	*9*	155,351	158,534
Goodwill		226,579	226,579
Loan receivables	*10*	1,365,947	1,343,644
Deferred tax assets		3,650	3,655
		1,751,527	1,732,412
Current assets			
Inventories		24,164	32,372
Trade and other receivables	*11*	86,841	60,216
Loan receivables	*10*	13,975	20,979
Amount due from a director	*19(c)*	130	78
Cash and cash equivalents	*12*	84,100	90,371
		209,210	204,016
Current liabilities			
Trade and other payables	*13*	858,321	853,555
Amount due to a related company	*19(c)*	–	2,502
Bank loans, secured	*14*	329,204	358,575
Obligations under finance leases		31	154
Current taxation		37,246	26,030
		1,224,802	1,240,816
Net current liabilities		(1,015,592)	(1,036,800)
Total assets less current liabilities		735,935	695,612
Non-current liabilities			
Convertible bonds	*15*	757,016	706,913
NET LIABILITIES		(21,081)	(11,301)
CAPITAL AND RESERVES			
Share capital	*16*	115,824	115,824
Reserves		(217,710)	(198,133)
Total deficit attributable to equity shareholders of the Company		(101,886)	(82,309)
Minority interests		80,805	71,008
TOTAL DEFICIT		(21,081)	(11,301)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Attributable to equity shareholders of the Company										
	Share capital	Share premium	Capital reserve	Share-based payment reserve	Warrant reserve	Statutory surplus reserve	Exchange reserve	Accumulated losses	Total	Minority interests	Total equity/ (deficit)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2008 (audited)	94,842	307,872	49,886	2,032	2,285	804	7,908	(107,788)	357,841	–	357,841
Shares issued for exercise of warrants	200	772	–	–	(50)	–	–	–	922	–	922
Shares issued for exercise of share options	2,292	9,878	–	(1,869)	–	–	–	–	10,301	–	10,301
Equity settled share-based transactions											
– Amount recognised during the period	–	–	–	1,170	–	–	–	–	1,170	–	1,170
– Forfeiture of share options	–	–	–	(163)	–	–	–	163	–	–	–
Total comprehensive income for the period	–	–	–	–	–	–	10,905	10,609	21,514	–	21,514
At 30 June 2008 (unaudited)	97,334	318,522	49,886	1,170	2,235	804	18,813	(97,016)	391,748	–	391,748
At 1 January 2009 (audited)	115,824	386,673	49,886	2,447	2,235	9,148	12,619	(661,141)	(82,309)	71,008	(11,301)
Equity settled share-based transactions											
– Amount recognised during the period	–	–	–	1,276	–	–	–	–	1,276	–	1,276
Total comprehensive (loss)/income for the period	–	–	–	–	–	–	(726)	(20,127)	(20,853)	9,797	(11,056)
At 30 June 2009 (unaudited)	115,824	386,673	49,886	3,723	2,235	9,148	11,893	(681,268)	(101,886)	80,805	(21,081)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2009

	(Unaudited) Six months ended 30 June	
	2009	**2008**
	HK$'000	*HK$'000*
Net cash generated from operating activities	31,873	21,601
Net cash used in investing activities	(7,472)	(80,672)
Net cash used in financing activities	(41,724)	(131,720)
Net decrease in cash and cash equivalents	(17,323)	(190,791)
Cash and cash equivalents at 1 January	84,686	238,115
Effect of foreign exchange rate changes	(297)	6,386
Cash and cash equivalents at 30 June	67,066	53,710

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 Basis of preparation

This unaudited condensed consolidated interim financial information (the "interim financial report") of the Group has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and in compliance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2008 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2009 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated interim financial information and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2008 annual financial statements. The condensed consolidated interim financial information and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by Baker Tilly Hong Kong Limited 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 HKICPA.

The financial information relating to the financial year ended 31 December 2008 that is included in the interim financial report as being previously reported information does not constitute the Group's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2008 are available from the Company's registered office. This interim financial report should be read in conjunction with the Company's 2008 annual financial statements.

In preparing the interim financial report, the directors have considered the future liquidity of the Group in view of its net current liabilities position as at 30 June 2009. The Group incurred a consolidated net loss attributable to equity shareholders of the Company of approximately HK$20,127,000 for the six months ended 30 June 2009, had consolidated net current liabilities of approximately HK$1,015,592,000 and a full impairment of issued share capital of approximately HK$21,081,000 as at 30 June 2009. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, the directors are of the opinion that the Group will be able to finance its future working capital and financial requirements given that:

(i) the Group has been actively discussing with prospective investors to obtain new working capital; and

(ii) the Company's substantial shareholder has agreed to provide financial support as is necessary to enable the Group to meet its liabilities as and when they fall due.

In the opinion of the directors, in light of the measures taken to date and on the basis of the above-mentioned major assumptions, the Group will have sufficient working capital to finance and maintain operations in the foreseeable future. Accordingly, the directors are satisfied that it is appropriate to prepare the interim financial report on a going concern basis.

2 Changes in accounting policies

The HKICPA has issued one new HKFRS, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company.

In the current interim period, the Group initially applied the following HKFRSs:

HKFRSs (Amendments)	Improvements to HKFRSs
HKAS 1 (Revised)	Presentation of financial statements
HKAS 23 (Revised)	Borrowing costs
HKAS 32 & HKAS 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 (Amendments)	Vesting conditions and cancellations
HKFRS 7 (Amendments)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC)-Int 13	Customer loyalty programmes
HK(IFRIC)-Int 15	Agreements for the construction of real estate
HK(IFRIC)-Int 16	Hedges of a net investment in a foreign operation

The adoption of the above HKFRSs has had no material effect on the accounting policies of the Group and the methods of computation in the Group's interim financial report.

The Group has not early applied the following new and revised HKFRSs that have been issued but not yet effective, in the interim financial report.

HKFRSs (Amendments)	Improvements to HKFRSs 2009[1]
HKAS 27 (Revised)	Consolidated and separate financial statements[2]
HKAS 39 (Amendments)	Eligible hedged items[2]
HKFRS 1 (Revised)	First-time adoption of Hong Kong Financial Reporting Standards[2]
HKFRS 2 (Amendments)	Share-based payment – group cash-settled share-based payment transactions[1]
HKFRS 3 (Revised)	Business combinations[2]
HK(IFRIC)-Int 17	Distribution of non-cash assets to owners[2]
HK(IFRIC)-Int 18	Transfers of assets from customers[2]

[1] *Effective for annual periods beginning on or after 1 January 2010*

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

The Group is assessing the impact of these amendments and new standards and has so far concluded that they are not in a position to state whether their adoption will have a significant impact on the Group's results of operations and financial position.

3 Turnover and segment reporting

The Group's revenue and loss for the six months ended 30 June 2009 are mainly derived from the operation of shopping malls in North-western China. The operations of the Group are subject to similar risks and returns and, therefore, the Group has one single segment. The Group's revenue is substantially derived from its end customers in the People's Republic of China (the "PRC") and the Group's operating assets are substantially located in the PRC. Accordingly, no segment analysis by business and geographical segments is provided for the six months ended 30 June 2009.

4 Equity settled share-based payment expense for share options granted

On 15 January 2008, 49,106,000 share options were granted at an exercise price of HK$0.74 per share. The exercise period is from 16 January 2008 to 15 January 2010. The fair value of the services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). The estimate of the fair value of the share options granted is measured based on Black-Scholes option pricing model. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

No options were exercised during the six months ended 30 June 2009 (six months ended 30 June 2008: 22,922,250 options were exercised).

5 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	(Unaudited) Six months ended 30 June	
	2009	**2008**
	HK$'000	*HK$'000*
(a) Finance costs		
Bank charges	82	26
Credit card expenses	6,351	29
Finance charges on obligations under finance leases	19	–
Interest on bank loans wholly repayable within five years	12,624	2,029
Interest on convertible bonds *(note 15)*	50,103	–
	69,179	2,084
(b) Other items		
Auditors' remuneration	280	90
Amortisation of intangible assets	–	1,079
Depreciation	8,140	3,088
Interest income	(26,069)	(1,699)
Loss on disposal of fixed assets	193	107
Net exchange loss	68	209

6 Income tax

	(Unaudited) Six months ended 30 June	
	2009	**2008**
	HK$'000	*HK$'000*
Current tax – PRC	19,746	4,323

The Company and its subsidiaries are subject to income tax on an entity basis on income arising in or derived from the tax jurisdiction in which they operate.

No provision for Hong Kong profits tax has been made as the Group's income neither arises in, nor is derived from Hong Kong during the period.

The Company is exempted from tax in Bermuda until March 2016.

The statutory PRC Enterprise Income Tax rate is 25%. The subsidiaries of the Group operated in the PRC are subject to PRC Enterprise Income Tax as follows:

– Xian Century Ginwa Property Investments Company Limited ("Xian Century Ginwa") enjoys a preferential tax treatment as being a foreign investment enterprise located in the western region of the PRC, including a reduction in PRC Enterprise Income Tax rate to 15% until 2010.

– Century Ginwa Urumqi Shopping Mall Company Limited ("Century Ginwa Urumqi") and Century Ginwa Joint Stock Company Limited ("Century Ginwa") are subject to the standard PRC Enterprise Income Tax rate of 25%.

Deferred taxation is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

7 (Loss)/earnings per share

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity shareholders of the Company of HK$20,127,000 (six months ended 30 June 2008: profit of HK$10,609,000) and the weighted average number of 1,158,241,000 ordinary shares (six months ended 30 June 2008: 959,012,000 ordinary shares) in issue during the interim period, calculated as follows:

Weighted average number of ordinary shares:

	(Unaudited)	
	Six months ended 30 June	
	2009	**2008**
	'000	*'000*
Issued ordinary shares at 1 January	1,158,241	948,419
Effect of share options exercised	–	10,362
Effect of exercise of warrants	–	231
Weighted average number of ordinary shares at 30 June	1,158,241	959,012

(b) Diluted (loss)/earnings per share

The calculation of diluted (loss)/earnings per share is based on the following data:

(i) (Loss)/profit attributable to ordinary equity shareholders of the Company (diluted)

	(Unaudited) Six months ended 30 June	
	2009	**2008**
	HK$'000	*HK$'000*
(Loss)/profit attributable to ordinary equity shareholders	(20,127)	10,609
After tax effect of effective interest on the liability component of convertible bonds	41,836	–
Profit attributable to ordinary equity shareholders (diluted)	21,709	10,609

(ii) Weighted average number of ordinary shares (diluted)

	(Unaudited) Six months ended 30 June	
	2009	**2008**
	'000	*'000*
Weighted average number of ordinary shares at 30 June	1,158,241	959,012
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	–	7,115
Effect of warrants	–	19,933
Weighted average number of ordinary shares at 30 June (diluted)	1,158,241	986,060

The exercise of the outstanding share options and warrants has no dilutive effect for the six months ended 30 June 2009 because the exercise price of the Company's share options and warrants were higher than the average market price of the shares during the period.

The convertible bonds have no dilutive effect for the six months ended 30 June 2009.

8 Dividends

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2009 (six months ended 30 June 2008: HK$Nil).

9 Fixed assets

During the six months ended 30 June 2009, the Group acquired items of fixed assets with a cost of HK$5,518,000.

10 Loan receivables

(a) On 25 September 2006, Ming Fai Princess Entertainment Limited ("Ming Fai"), Bright Chance (Asia) Limited ("Bright Chance") and Mr. Cai Jun Jie entered into a loan assignment agreement. Pursuant to the loan assignment agreement, Ming Fai agreed to assign all its rights and benefits in the loan receivable balance of HK$30,000,000 to Bright Chance at a total consideration of HK$30,000,000. The loan receivable balance is interest bearing at 2% per annum and the repayments will be made semi-annually in the amount of HK$5,100,000 (including repayment of the principal in the amount of HK$5,000,000) for the six half-years ending 31 December 2009.

(b) Loans to Ginwa Investments

In September 2008, the Group's subsidiary, Century Ginwa, entered into an unsecured loan agreement with Ginwa Investments Company Limited ("Ginwa Investments") for its advances of RMB1,165,348,000 to be repayable by 31 August 2013. The interest bearing loan portion carries interest at the five-year lending rate published by the People's Bank of China, the PRC.

(c) Other loan receivables

The Group's wholly owned subsidiary, Xian Century Ginwa, signed loan agreements with independent third parties, for unsecured loans of RMB3,500,000, which bear interest at 7.83% per annum and are repayable by 25 March 2009. In March 2009, the loan period was extended to 31 December 2009.

(d) The directors consider that the carrying amounts of loan receivables approximate their fair values.

11 Trade and other receivables

Included in trade and other receivables are trade receivables (net of allowance for doubtful debts) with the following ageing analysis:

	(Unaudited) At 30 June 2009 *HK$'000*	**(Audited) At 31 December 2008** *HK$'000*
0 – 30 days	8,870	4,073
31 – 60 days	4,826	175
61 – 90 days	369	107
Over 90 days	1,282	1,028
	15,347	5,383

The Group's retail sales to customers are mainly on cash basis, either in cash, debit card or credit card payment. The Group does not have a defined fixed credit policy as its major trade receivables arise from debit and credit card sales.

Based on past experience, the directors believe that no impairment allowance is necessary in respect of these trade receivables arise from debit and credit card sales as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

12 Cash and cash equivalents

	(Unaudited) At 30 June 2009 *HK$'000*	(Audited) At 31 December 2008 *HK$'000*
Time deposits	45,424	5,685
Cash at bank and in hand	38,676	84,686
	84,100	90,371
Less: time deposits with original maturity over three months	(17,034)	(5,685)
Cash and cash equivalents in the condensed consolidated statement of cash flows	67,066	84,686

13 Trade and other payables

Included in trade and other payables are trade payables with the following ageing analysis as of end of the reporting period:

	(Unaudited) At 30 June 2009 *HK$'000*	(Audited) At 31 December 2008 *HK$'000*
0 – 30 days	13,785	19,291
31 – 90 days	3,102	4,803
Over 90 days	1,656	1,212
	18,543	25,306

14 Bank loans, secured

The bank loans are interest bearing at a range from 5.31% to 13% per annum (2008: 5.31% to 13%), secured by investment securities and properties held, and guarantees given, by third parties, and are repayable within one year.

The carrying amounts of bank loans are denominated in the following currencies:

	(Unaudited)	**(Audited)**
	At 30 June	**At 31 December**
	2009	**2008**
	HK$'000	*HK$'000*
Renminbi	309,770	339,119
United States dollars	19,434	19,456
	329,204	358,575

15 Convertible bonds

On 19 September 2008, the Company issued 2.75% convertible bonds with an aggregate principal amount of approximately HK$1,231,612,000. The five-year convertible bonds were issued with a conversion price of HK$0.689 per share and will mature on 18 September 2013. The yield to maturity is 19.12%.

Due to several terms in the convertible bonds including price reset and cash settlement option, the conversion will not result in the exchange of a fixed number of the Company's shares. In accordance with the requirements of HKAS 32 "Financial instruments: Presentation" and HKAS 39 "Financial instruments: Recognition and measurement", the convertible bond contract must be separated into two component elements: a derivative component consisting of the conversion option and a liability component of the straight debt element of the convertible bonds.

On the issue of the convertible bonds, the fair value of the embedded conversion option was calculated using the Trinomial Tree model. The derivative component, the embedded conversion option, is carried at fair value on the statement of financial position with any changes in fair value being charged or credited to the income statement in the period when the change occurs. The remainder of the proceeds is allocated to the debt element of the convertible bonds, net of transaction costs, and is recorded as the liability component. The liability component is subsequently carried at amortised cost until extinguished on conversion or redemption. Interest expense is calculated using the effective interest method by applying the effective interest rate to the liability component through the maturity date.

If the convertible bonds are converted, the carrying amounts of the derivative and liability components are transferred to share capital and share premium as consideration for the shares issued. If the convertible bonds are redeemed, any difference between the amount paid related to the liability component and the carrying amount of the liability component is recognised in the income statement.

Fair value of the conversion option

The embedded conversion option has been separated from the host debt contract and accounted for as a derivative liability carried at fair value through profit or loss. The fair value of this conversion option which is not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select an appropriate valuation method and makes assumptions that are mainly based on market conditions existing at end of the reporting period. The valuation model requires the input of subjective assumptions, such as the volatility of the share price, stock closing price, dividend yield, risk-free rate, and expected option life. Changes in subjective input assumptions can materially affect the fair value estimate.

No change in fair value of the conversion option was recognised during the period.

The carrying values of the derivative component and liability component of the convertible bonds at 30 June 2009 are as follows:

	Liability component	**Derivative component**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 31 December 2008 and 1 January 2009	645,773	61,140	706,913
Interest expense *(note 5(a))*	50,103	–	50,103
At 30 June 2009	695,876	61,140	757,016

No conversion of the convertible bonds occurred during the period.

16 Share capital

	Number of ordinary shares of HK$0.1 each	
	'000	*HK$'000*
Authorised:		
At 31 December 2008, 1 January 2009 and 30 June 2009	20,000,000	2,000,000
Issued and fully paid:		
At 31 December 2008, 1 January 2009 and 30 June 2009	1,158,241	115,824

17 Capital commitments outstanding not provided in the interim financial report

	(Unaudited) At 30 June 2009	(Audited) At 31 December 2008
	HK$'000	*HK$'000*
Contracted but not provided for:		
– in respect of purchases of fixed assets	5,974	6,804

18 Contingent liabilities

(a) Litigation

On 7 September 2005, Century Ginwa, together with other four unrelated parties (collectively known as the "Guarantor I"), entered into guarantee contracts with a bank to provide guarantees to secure a bank loan of RMB24,000,000, which was interest bearing at 6.138% per annum, granted to an unrelated party (the "Borrower I") for a period from 7 September 2005 to 6 June 2006. The guarantee period given by the Guarantor I was two years starting from 6 June 2006. By default of the Borrower I, a court judgement was obtained by the bank on 30 October 2006 against the Guarantor I for the repayment of the bank loan together with interest and administrative expenses thereon. On 31 August 2008, Ginwa Investments entered into a counter-indemnity agreement with Century Ginwa to indemnify it against any loss that may arise from this guarantee. On 30 June 2009, the outstanding balance of the bank loan was approximately RMB18,249,000.

The directors consider that, given the nature of the claims and the preliminary status of these proceedings, it is not possible to estimate the eventual outcome of the claims with reasonable certainty at this stage. In addition, Ginwa Investments has agreed to indemnify Century Ginwa against any loss that may arise from this guarantee and therefore, no provision for penalty interest or other damages has been made in the interim financial report.

(b) Financial guarantees issued

(i) On 18 April 2006, Century Ginwa, together with other three unrelated parties (collectively known as the "Guarantor II"), entered into guarantee contracts with a bank to provide guarantees to secure a bank loan of RMB13,460,000 ("First Bank Loan"), which was interest bearing at 5.22% per annum, granted to an unrelated company (the "Borrower II") for a period of six months from 27 April 2006 to 27 October 2006. The guarantee period given by the Guarantor II was two years starting from 27 October 2006.

On 27 October 2006, the Borrower II negotiated with the bank for a bank loan of RMB12,000,000 ("Second Bank Loan") which was interest bearing at 5.58% per annum, for a further six months until 26 April 2007 to repay the First Bank Loan, and the First Bank Loan was then fully settled. Under the new loan agreement, the guarantee period given by the Guarantor II was extended for a further six months until 26 April 2009.

On 23 April 2008, the Borrower II negotiated with the bank for another loan of RMB4,500,000, which was interest bearing at 7.227% per annum, for a further eighteen months until 22 October 2008 to repay the Second Bank Loan. Under the new loan agreement, the guarantee period given by the Guarantor II was extended for a further eighteen months until 23 October 2010. On 31 August 2008, Ginwa Investments entered into a counter-indemnity agreement with Century Ginwa to indemnify it against any loss that may arise from this guarantee. On 30 June 2009, the outstanding balance of the bank loan was approximately RMB2,497,000.

At 30 June 2009, the directors consider that the Borrower II will settle the amount in the near future and any claim made by the bank to Century Ginwa is unlikely. In addition, Ginwa Investments has agreed to indemnify Century Ginwa against any loss that may arise from this guarantee and therefore, a provision for penalty interest or other damages has not been made in the interim financial report.

(ii) On 30 June 2008, Century Ginwa, together with Ginwa Investments (collectively known as the "Guarantor III"), entered into guarantee contracts with a bank to provide guarantees to secure a bank loan of RMB90,000,000, which was interest bearing at 9.486% per annum, granted to 陝西新世界醫藥有限公司 (the "Borrower III") for a period from 30 June 2008 to 31 July 2008. The guarantee period given by the Guarantor III was two years starting from 31 July 2008. Ginwa Investments has equity interests in 陝西新世界醫藥有限公司. On 31 August 2008, Ginwa Investments entered into a counter-indemnity agreement with Century Ginwa to indemnify it against any loss that may arise from this guarantee.

(iii) On 29 September 2007, Century Ginwa entered into guarantee contracts with a bank to provide guarantees to secure a bank loan of RMB18,900,000, which was interest bearing at 9.534% per annum, granted to Ginwa Investments for a period from 29 September 2007 to 28 September 2008. The guarantee period given by Century Ginwa was two years starting from 28 September 2008. On 31 August 2008, Ginwa Investments entered into a counter-indemnity agreement with Century Ginwa to indemnify it against any loss that may arise from this guarantee. On 29 September 2008, Ginwa Investments negotiated with the bank to extend the loan period for eleven months until 28 August 2009, with interest bearing at 15.3421% per annum. The guarantee period given by Century Ginwa was extended for eleven months until 28 August 2011.

19 Material connected and related party transactions

(a) Key management personnel compensation:

All key management personnel are directors of the Company and their remuneration is as follows:

	(Unaudited) Six months ended 30 June	
	2009	**2008**
	HK$'000	*HK$'000*
Salaries, wages and other benefits	1,224	1,997
Pension scheme contributions	35	12
Share-based payment expenses	580	618
	1,839	2,627

(b) Saved as disclosed elsewhere in the interim financial report, the Group had the following significant connected transactions during the period:

	(Unaudited) Six months ended 30 June	
	2009	**2008**
	HK$'000	*HK$'000*
Interest receivable from Ginwa Investments	25,000	–
Rent paid to Ginwa Hi-Tech	–	4,977
Repairs and maintenance fee paid to Ginwa Hi-Tech	–	664
Rent receivable from 西安世紀金花宜品生活用品有限公司 ("Xian Yipin")	3,470	–

Ginwa Investments, Ginwa Hi-Tech and Xian Yipin are connected persons to the Group by virtue of Mr. Wu Yijian's equity interests in them. Mr. Wu Yijian resigned as the chairman and director of the Company on 28 May 2008.

(c) Details of balances with related parties are as follows:

	(Unaudited) At 30 June 2009	**(Audited) At 31 December 2008**
	HK$'000	*HK$'000*
Amount due from a director – Mr. Li Haogang	130	78
Amount due to a related company – Ginwa Hi-Tech	–	2,502

The amounts are unsecured, interest free and have no fixed terms of repayment. The directors consider the carrying amounts of the accounts with related parties approximate their fair values.

20 Non-adjusting post balance sheet events

(a) Subsequent to end of the reporting period, the 89,398,156 warrants issued on 20 July 2007 were expired.

(b) Subsequent to end of the reporting period, 231,600,000 warrants at an issue price of HK$0.011 each were issued on 17 August 2009 to an independent third party. Each of the warrants confers rights to the registered holder to subscribe for one new share of the Company in cash at an initial subscription price of HK$0.29 per share, subject to adjustments, up to the amount of HK$67,164,000 at any time during the period of two years from the date of issue. On 8 September 2009, 10,000,000 new shares were issued at HK$0.29 per share upon exercise of 10,000,000 warrants by the registered holder.

21 Comparative figures, restatement and reclassifications

(a) As a result of the application of HKAS 1 (Revised) "Presentation of financial statements", certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009. Further details of these developments are disclosed in note 2.

(b) Revenue recognition

In previous periods, gross proceeds from concessionaire sales and net proceeds payable to relevant stores after deduction of commission receivable by the Group were included in turnover and cost of sales of the Group respectively. In the current period, the Group has recognised commission income from concessionaire sales as revenue only. The directors consider that the restatement reflects more appropriately the nature of this income.

(c) Comparative figures

Certain comparative amounts have been reclassified and adjusted to conform to the current period's presentation.

IV. INDEBTEDNESS

Statement of indebtedness

Borrowings

At the close of business on 30 November 2009, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Prospectus, the Group had total borrowings of approximately HK$1,004,020,000, comprising (i) secured bank loans of approximately RMB208,394,000 (equivalent to approximately HK$236,632,000) and (ii) debt securities of approximately HK$767,388,000.

The bank loans were interest-bearing and secured by investment securities and properties held by third parties, and guarantees given by third parties.

The debt securities represented convertible bonds with an aggregate outstanding principal amount of approximately HK$1,104,216,000. The five-year convertible bonds were issued with a conversion price of HK$0.689 per share, carry coupon interest rate of 2.75% per annum which was payable annually and will mature on 18 September 2013.

Contingent liabilities

At the close of business on 30 November 2009, the Group had the following material contingent liabilities:

1. Litigation

A legal claim of approximately RMB18,249,000 (equivalent to approximately HK$20,722,000) in respect of a secured bank loan granted to an unrelated party for which the Group was one of the guarantors since 2005. In 2008, an unrelated party entered into a counter-indemnity agreement with the Group to indemnify it against any loss that may arise from this guarantee.

2. Financial guarantees issued

(i) In 2008, an unrelated company negotiated with a bank for an interest-bearing loan of RMB4,500,000 (equivalent to approximately HK$5,110,000). The guarantee period given by the Group, together with three other unrelated parties) was eighteen months until 23 October 2010. In 2008, an unrelated company entered into a counter-indemnity agreement with the Group to indemnify it against any loss that may arise from this guarantee. On 30 November 2009, the outstanding balance of the bank loan was approximately RMB2,497,000 (equivalent to approximately HK$2,835,000).

(ii) In 2008, the Group, together with an unrelated company, entered into contracts with a bank to provide guarantees to secure an interest-bearing bank loan of RMB90,000,000 (equivalent to approximately HK$102,195,000) granted to an unrelated company. The guarantee period given by the Group was two years commencing on 31 July 2008. In 2008, an unrelated company entered into a counter-indemnity agreement with the Group to indemnify it against any loss that may arise from this guarantee. On 30 November 2009, the outstanding balance of the bank loan was RMB90,000,000 (equivalent to approximately HK$102,195,000).

(iii) In 2007, the Group entered into guarantee contracts with a bank to provide guarantees to secure an interest-bearing bank loan of RMB18,900,000 (equivalent to approximately HK$21,461,000) granted to an unrelated company. The guarantee period given by the Group was two years starting from 28 September 2008. In 2008, the unrelated company entered into a counter-indemnity agreement with the Group to indemnify it against any loss that may arise from this guarantee. In September 2008, the unrelated company negotiated with the bank to extend the loan period for eleven months until 28 August 2009. The guarantee period given by the Group was extended for eleven months until 28 August 2011.

Disclaimer

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, at the close of business on 30 November 2009, the Group did not have any outstanding mortgages, charges, debentures or other loan capital or bank overdrafts, loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits, debit securities or other material contingent liabilities.

Foreign currency denominated amounts have been translated into Hong Kong dollars at the rates of exchange prevailing at the close of business on 30 November 2009.

The Directors have confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 30 November 2009 and up to and including the Latest Practicable Date.

V. WORKING CAPITAL

The Directors are of the opinion that after taking into account the present internal financial resources of the Group, the presently available banking facilities and the estimated net proceeds of the Open Offer, and in the absence of unforeseen circumstances, the Group has sufficient working capital for its present requirements, for at least the next twelve months from the date of this Prospectus.

VI. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2008, being the date to which the latest published audited financial statements of the Group were made up.

VII. FINANCIAL AND TRADING PROSPECTS

The principal business activity of the Group is mainly engaged in the operation of shopping malls in North-western China.

Since 2006, the Group has been continuing to explore other business opportunities so as to diversify its business interests. With the huge population of the People's Republic of China (the "PRC"), the PRC has a large consumer base which provides tremendous opportunities for distributors of consumer goods. Having considered the rapid growth in the PRC consumption power, the Group decided to diversify its business into the operation of department stores, starting with acquiring one "Century Ginwa" branded department store in Urumqi from Ginwa Group in May 2006, Xian Hi-Tech Store in May 2007, and Xian Bell Tower Store in August 2008. Regarding the acquisition of 76.43% equity interest in Century Ginwa, the Xian Bell Tower Store, approvals have been granted by related PRC government authorities and the acquisition was completed in August 2008. The store has started its contributions to the Group.

Recently, the PRC government implemented various monetary policies and fiscal stimulus packages to drive domestic consumption and stimulate the economy. Having considered this advantage, the Group would continue exploring opportunities in the operation of department store by acquiring existing Century Ginwa department stores and expanding Century Ginwa geographically in the PRC. The Group also plans to reinvent and remodel its stores to further enhance the stores image and to improve productivity by the more efficient use of the available floor space. Meanwhile, the Group would introduce more famous international brands to further enhance its market status and maximise shareholder value. The Group strongly believes that the business strategy of Century Ginwa could eventually lead the Group to become one of the top tier department stores operators in the PRC.

1. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of consolidated net tangible liabilities (the "Unaudited Pro Forma Financial Information") of the Group prepared in accordance with Paragraph 29 of Chapter 4 of the Listing Rules is set out below to illustrate the effects of the Open Offer on the unaudited consolidated net tangible liabilities of the Group as if the Open Offer had been completed on 30 June 2009.

The Unaudited Pro Forma Financial Information of the Group has been prepared for illustration purposes only, and because of its nature, it may not give a true picture of the financial position of the Group following the Open Offer.

The Unaudited Pro Forma Financial Information of the Group is prepared based on the unaudited consolidated net liabilities of the Group as at 30 June 2009, as extracted from the published interim report of the Group as set out in Appendix I to the Prospectus and the adjustments described below.

Unaudited consolidated net liabilities of the Group attributable to equity holders of the Group as at 30 June 2009	Adjustment for goodwill and intangible assets	Adjusted unaudited consolidated net tangible liabilities of the Group attributable to equity holders of the Group as at 30 June 2009	Adjusted unaudited consolidated net tangible liabilities of the Group attributable to equity holders of the Group per Share as at 30 June 2009	Estimated net proceeds from the Open Offer	Decrease in convertible bonds as a result of the Set Off	Unaudited pro forma consolidated net tangible liabilities of the Group attributable to equity holders of the Group after the Open Offer	Unaudited pro forma consolidated net tangible liabilities of the Group attributable to equity holders of the Group per Share after the Open Offer
HK$'000	*HK$'000*	*HK$'000*	*HK$*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$*
(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*	*(Note 5)*		*(Note 6)*
(101,886)	226,579	(328,465)	(0.2836)	39,982	15,870	(272,613)	(0.1565)

Notes

1) The unaudited consolidated net tangible liabilities of the Group attributable to the Company's equity holders as at 30 June 2009 is extracted from the published interim report of the Group for the period ended 30 June 2009 as set out in Appendix I to this Prospectus.

2) This represents the Group's goodwill of approximately HK$226,579,000 which is extracted from the published interim report of the Group for the period ended 30 June 2009 as set out in Appendix I to this Prospectus.

3) The number of shares used for the calculation of adjusted unaudited consolidated net tangible liabilities of the Group per Share attributable to the equity holders at 30 June 2009 and prior to the completion the Open Offer is based on 1,158,240,852 Shares in issue as at 30 June 2009.

4) The estimated net proceeds from the Open Offer are based on 584,120,426 Offer Shares to be issued at the subscription price of HK$0.1 per Offer Share, after the Set Off of approximately HK$15,870,000 and deduction of the expenses attributable to the Open Offer of approximately HK$2,560,000.

5) This represents a decrease in the Group's convertible bonds of approximately HK$15,870,000 as a result of the Set Off.

6) Based on the 1,742,361,278 Shares (calculated as 1,158,240,852 Shares in issue as at 30 June 2009 plus 584,120,426 Offer Shares expected to be issued under the Open Offer as referred to Note 4 above) in issue after the Open Offer.

7) No adjustment has been made to reflect any trading result or other transaction of the Group entered into subsequent to 30 June 2009.

2. REPORT ON UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the text of a report from Baker Tilly Hong Kong Limited, the reporting accountants of the Company in respect of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as set out in this appendix and was prepared for the sole purpose of inclusion in this prospectus:

BAKER TILLY
HONG KONG LIMITED
CERTIFIED PUBLIC ACCOUNTANTS
香港天華會計師事務所有限公司
12/F., China Merchants Tower, Shun Tak Centre,
168-200 Connaught Road Central, Hong Kong
香 港 干 諾 道 中 1 6 8 - 2 0 0 號
信 德 中 心 招 商 局 大 廈 1 2 樓

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE LIABILITIES OF THE GROUP

To the Directors of China Golden Development Holdings Limited

We report on the unaudited pro forma statement of adjusted consolidated net tangible liabilities ("Unaudited Pro Forma Financial Information") of China Golden Development Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the proposed open offer of new shares on the basis of one share for every two existing shares held might have affected the Unaudited Pro Forma Financial Information of the Group presented for inclusion in Appendix II to the prospectus dated 30 December 2009 (the "Prospectus"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages 147 to 148 to the Prospectus.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information of the Group in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by the paragraph 29(7) of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information of the Group and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information of the Group beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information of the Group with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Group as at 30 June 2009 or at any future date.

Opinion

In our opinion:

a. the Unaudited Pro Forma Financial Information of the Group has been properly compiled by the directors of the Company on the basis stated;

b. such basis is consistent with the accounting policies of the Group; and

c. the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

Baker Tilly Hong Kong Limited
Certified Public Accountants
Andrew David Ross
Practising Certificate number P01183

Hong Kong, 30 December 2009

Set out below is a summary of certain provisions of the memorandum of association (the "Memorandum of Association") and bye-laws (the "Bye-laws") of the Company and of certain aspects of Bermuda company law.

1. MEMORANDUM OF ASSOCIATION

The Memorandum of Association states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the Company is an exempted company as defined in the Companies Act. The Memorandum of Association also sets out the objects for which the Company was formed. As an exempted company, the Company will be carrying on business outside Bermuda from a place of business within Bermuda.

In accordance with and subject to section 42A of the Companies Act 1981 of Bermuda (the "Companies Act"), the Memorandum of Association empowers the Company to purchase its own shares and pursuant to its Bye-laws, this power is exercisable by the board of Directors (the "board") upon such terms and subject to such conditions as it thinks fit.

2. BYE-LAWS

The Bye-laws were adopted on 28 September, 2000 and amended at the special general meeting of the Company held on 15 June, 2004 and the annual general meetings of the Company held on 23 November, 2005 and 8 January, 2007 respectively. The following is a summary of certain provisions of the Bye-laws:

(a) Directors

(i) Power to allot and issue shares and warrants

Subject to any special rights conferred on the holders of any shares or class of shares, any share in the Company (whether forming part of the present capital or not) may be issued with or have attached thereto such rights, or restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Act, any preference shares may be issued or converted into shares that are liable to be redeemed, at a determinable date or at the option of the Company or, if so authorised by the Memorandum of Association, at the option of the holder, on such terms and in such manner as the Company before the issue or conversion may by ordinary resolution of the members determine. The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Act, the Bye-laws, any direction that may be given by the Company in general meeting and, where applicable, the rules of any Designated Stock Exchange (as defined in the Bye-laws) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company (whether forming part of the original or any increased capital) shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Bye-laws relating to the disposal of the assets of the Company or any of its subsidiaries.

Note: The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Bye-laws or the Companies Act to be exercised or done by the Company in general meeting.

(iii) Compensation or payments for loss of office

Payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are no provisions in the Bye-laws relating to the making of loans to Directors. However, the Companies Act contains restrictions on companies making loans or providing security for loans to their directors, the relevant provisions of which are summarised in the paragraph headed "Bermuda Company Law" in this Appendix.

(v) Financial assistance to purchase shares of the Company

Neither the Company nor any of its subsidiaries shall directly or indirectly give financial assistance to a person who is acquiring or proposing to acquire shares in the Company for the purpose of that acquisition whether before or at the same time as the acquisition takes place or afterwards, provided that the Bye-laws shall not prohibit transactions permitted under the Companies Act.

(vi) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of auditor of the Company) in conjunction with his office of Director for such period and, subject to the Companies Act, upon such terms as the board may determine, and may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Bye-laws. A Director may be or become a director or other officer of, or a member of, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Bye-laws, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Act and to the Bye-laws, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested but this prohibition shall not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/ themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub underwriting of the offer;

(dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;

(ee) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and/or his associate(s) is/are beneficially interested in five (5) per cent or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or

(ff) any proposal, concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vii) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such remuneration (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Bye law. A Director appointed to be a managing director, joint managing director, deputy managing director or to hold any other employment or executive office with the Company shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex employees of the Company and their dependants or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex employees and their dependants, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex employees or their dependants are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(viii) Retirement, appointment and removal

At each annual general meeting one-third of the Directors for the time being (or if their number is not a multiple of three (3) the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re election or appointment but as between persons who became or were last re elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Note: There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or, subject to authorisation by the members in general meeting, as an addition to the existing board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the members in general meeting. Any Director appointed by the Board shall hold office only until the next following general meeting of the Company after his/her appointment (in the case of filling a casual vacancy) or only until the next following annual general meeting of the Company (in the case of an addition to the Board) and shall then be eligible for re-election at the meeting. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by a special resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) provided that the notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention to do so and be served on such Director fourteen (14) days before the meeting and, at such meeting, such Director shall be entitled to be heard on the motion for his removal. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two (2). There is no maximum number of Directors unless otherwise determined from time to time by members of the Company.

The board may from time to time appoint one or more of its body to be a managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period (subject to their continuance as Directors) and upon such terms as the board may determine and the board may revoke or terminate any of such appointments (but without prejudice to any claim for damages that such Director may have against the Company or vice versa). The board may delegate any of its powers, authorities and discretions to committees, consisting of such Director or Directors and other persons as the board thinks fit, and it may, from time to time, revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ix) Borrowing powers

The board may from time to time at its discretion exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Act, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Bye-laws in general, can be varied with the sanction of a special resolution of the Company.

(b) Alterations to constitutional documents

The Bye-laws may be rescinded, altered or amended by the Directors subject to the confirmation of the Company in general meeting. The Bye-laws state that a special resolution shall be required to alter the provisions of the Memorandum of Association, to confirm any such rescission, alteration or amendment to the Bye-laws or to change the name of the Company.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Act:

(i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;

(ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares as the directors may determine;

(iv) sub divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association;

(v) change the currency denomination of its share capital;

(vi) make provision for the issue and allotment of shares which do not carry any voting rights; and

(vii) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may, by special resolution, subject to any confirmation or consent required by law, reduce its authorised or issued share capital or any share premium account or other undistributable reserve in any manner permitted by law.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Act, all or any of the special rights for the time being attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Bye-laws relating to general meetings will mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons or (in the case of a member being a corporation, its duly authorised representative) holding or representing by proxy not less than one third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person (or in the case of a member being a corporation, its duly authorised representative) or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him. Any holder of shares of the class present in person or by proxy may demand a poll.

(e) Special resolution majority required

A special resolution of the Company must be passed by a majority of not less than three fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their respective duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than twenty-one (21) clear days' notice, specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that, except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five (95) per cent. in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which less than twenty-one (21) clear days' notice has been given.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Bye-laws, at any general meeting on a show of hands, every member who is present in person (or being a corporation, is present by its duly authorised representative) or by proxy shall have one vote and on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share.

A member entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless voting by way of poll is required by the rules of the Designated Stock Exchange (as defined in the Bye-laws) or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

(a) by the chairman of such meeting; or

(b) by at least three members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or

(c) by a member or members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or

(d) by a member or members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or

(e) if required by the rules of the Designated Stock Exchange (as defined in the Bye-laws), by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. or more of the total voting rights of all the members having the right to vote at the meeting.

If a clearing house (or its nominee(s) and, in each case, being a corporation) is a member of the Company it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of members of the Company provided that the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the shares held by that clearing house (or its nominee(s)) in respect of the number and class of shares specified in the relevant authorisation including the right to vote individually on a show of hands.

(g) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year other than the year in which its statutory meeting is convened at such time (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Bye-laws)) and place as may be determined by the board.

(h) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the provisions of the Companies Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or, subject to the Companies Act, at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right of inspecting any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting.

Subject to the Companies Act, a printed copy of the Directors' report, accompanied by the balance sheet and profit and loss account, including every document required by law to be annexed thereto, made up to the end of the applicable financial year and containing a summary of the assets and liabilities of the Company under convenient heads and a statement of income and expenditure, together with a copy of the auditors' report, shall be sent to each person entitled thereto at least twenty-one (21) days before the date of the general meeting and laid before the Company at the general meeting in accordance with the requirements of the Companies Act provided that this provision shall not require a copy of those documents to be sent to any person whose address the Company is not aware or to more than one of the joint holders of any shares or debentures; however, to the extent permitted by and subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Bye-laws), the Company may send to such persons a summary financial statement derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to a summary financial statement, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Subject to the Companies Act, at the annual general meeting or at a subsequent special general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the members appoint another auditor. Such auditor may be a member but no Director or officer or employee of the Company shall, during his continuance in office, be eligible to act as an auditor of the Company. The remuneration of the auditor shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than Bermuda. If the auditing standards of a country or jurisdiction other than Bermuda are used, the financial statements and the report of the auditor should disclose this fact and name such country and jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting and any special general meeting at which the passing of a special resolution is to be considered shall be called by not less than twenty-one (21) clear days' notice. All other special general meetings shall be called by not less than fourteen (14) clear days' notice. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve, either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in Bermuda or such other place in Bermuda at which the principal register is kept in accordance with the Companies Act.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve, or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four (4) joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Bye-laws) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in an appointed newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Bye-laws), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for the Company to purchase its own shares

The Bye-laws supplement the Company's Memorandum of Association (which gives the Company the power to purchase its own shares) by providing that the power is exercisable by the board upon such terms and conditions as it thinks fit.

(l) Power for any subsidiary of the Company to own shares in the Company

There are no provisions in the Bye-laws relating to ownership of shares in the Company by a subsidiary.

(m) Dividends and other methods of distribution

Subject to the Companies Act, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board. The Company in general meeting may also make a distribution to its members out of any contributed surplus (as ascertained in accordance with the Companies Act). No dividend shall be paid or distribution made out of contributed surplus if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid, but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to a member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared, the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one (1) year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six (6) years after having been declared may be forfeited by the board and shall revert to the Company.

(n) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.

(o) Call on shares and forfeiture of shares

Subject to the Bye-laws and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect.

Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(p) Inspection of register of members

The register and branch register of members shall be open to inspection between 10:00 a.m. and 12:00 noon on every business day by members without charge or by any other person, upon a maximum payment of five Bermuda dollars, at the registered office or such other place in Bermuda at which the register is kept in accordance with the Companies Act or, if appropriate, upon a maximum payment of ten dollars at the Registration Office (as defined in the Bye-laws), unless the register is closed in accordance with the Companies Act.

(q) Quorum for meetings and separate class meetings

For all purposes the quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one third in nominal value of the issued shares of that class.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Bye-laws relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Bermuda law, as summarised in paragraph 3(e) of this Appendix.

(s) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Act, divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable members

The Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question, being not less than three in total number, for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Bye-laws) giving notice of its intention to sell such shares and a period of three months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Bye-laws), has elapsed since such advertisement and the Designated Stock Exchange (as defined in the Bye-laws) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) Other provisions

The Bye-laws provide that to the extent that it is not prohibited by and is in compliance with the Companies Act, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

The Bye-laws also provide that the Company is required to maintain at its registered office a register of directors and officers in accordance with the provisions of the Companies Act and such register is open to inspection by members of the public without charge between 10:00 a.m. and 12:00 noon on every business day.

3. BERMUDA COMPANY LAW

The Company is incorporated in Bermuda and, therefore, operates subject to Bermuda law. Set out below is a summary of certain provisions of Bermuda company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Bermuda company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Share capital

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account", to which the provisions of the Companies Act relating to a reduction of share capital of a company shall apply as if the share premium account were paid up share capital of the company except that the share premium account may be applied by the company:

(i) in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares;

(ii) in writing off:

(aa) the preliminary expenses of the company; or

(bb) the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; or

(iii) in providing for the premiums payable on redemption of any shares or of any debentures of the company.

In the case of an exchange of shares the excess value of the shares acquired over the nominal value of the shares being issued may be credited to a contributed surplus account of the issuing company.

The Companies Act permits a company to issue preference shares and subject to the conditions stipulated therein to convert those preference shares into redeemable preference shares.

The Companies Act includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. Where provision is made by the memorandum of association or bye-laws for authorising the variation of rights attached to any class of shares in the company, the consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required, and where no provision for varying such rights is made in the memorandum of association or bye-laws and nothing therein precludes a variation of such rights, the written consent of the holders of three-fourths of the issued shares of that class or the sanction of a resolution passed as aforesaid is required.

(b) Financial assistance to purchase shares of a company or its holding company

A company is prohibited from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares unless there are reasonable grounds for believing that the company is, and would after the giving of such financial assistance be, able to pay its liabilities as they become due. In certain circumstances, the prohibition from giving financial assistance may be excluded such as where the assistance is only an incidental part of a larger purpose or the assistance is of an insignificant amount such as the payment of minor costs.

(c) Purchase of shares and warrants by a company and its subsidiaries

A company may, if authorised by its memorandum of association or bye-laws, purchase its own shares. Such purchases may only be effected out of the capital paid up on the purchased shares or out of the funds of the company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose. Any premium payable on a purchase over the par value of the shares to be purchased must be provided for out of funds of the company otherwise available for dividend or distribution or out of the company's share premium account. Any amount due to a shareholder on a purchase by a company of its own shares may (i) be paid in cash; (ii) be satisfied by the transfer of any part of the undertaking or property of the company having the same value; or (iii) be satisfied partly under (i) and partly under (ii). Any purchase by a company of its own shares may be authorised by its board of directors or otherwise by or in accordance with the provisions of its bye-laws. Such purchase may not be made if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that the company is, or after the purchase would be, unable to pay its liabilities as they become due. The shares so purchased may either be cancelled or held as treasury shares. Any purchased shares that are cancelled will, in effect, revert to the status of authorised but unissued shares. If shares of the company are held as treasury shares, the company is prohibited to exercise any rights in respect of those shares, including any right to attend and vote at meetings, including a meeting under a scheme of arrangement, and any purported exercise of such a right is void. No dividend shall be paid to the company in respect of shares held by the company as treasury shares; and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) shall be made to the company in respect of shares held by the company as treasury shares. Any shares allotted by the company as fully paid bonus shares in respect of shares held by the company as treasury shares shall be treated for the purposes of the Companies Act as if they had been acquired by the company at the time they were allotted.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Bermuda law that a company's memorandum of association or its bye-laws contain a specific provision enabling such purchases.

Under Bermuda law, a subsidiary may hold shares in its holding company and in certain circumstances, may acquire such shares. The holding company is, however, prohibited from giving financial assistance for the purpose of the acquisition, subject to certain circumstances provided by the Companies Act. A company, whether a subsidiary or a holding company, may only purchase its own shares if it is authorised to do so in its memorandum of association or bye-laws pursuant to section 42A of the Companies Act.

(d) Dividends and distributions

A company may not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts. Contributed surplus is defined for purposes of section 54 of the Companies Act to include the proceeds arising from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as nominal capital and donations of cash and other assets to the company.

(e) Protection of minorities

Class actions and derivative actions are generally not available to shareholders under the laws of Bermuda. The Bermuda courts, however, would ordinarily be expected to permit a shareholder to commence an action in the name of a company to remedy a wrong done to the company where the act complained of is alleged to be beyond the corporate power of the company or is illegal or would result in the violation of the company's memorandum of association and bye-laws. Furthermore, consideration would be given by the court to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than actually approved it.

Any member of a company who complains that the affairs of the company are being conducted or have been conducted in a manner oppressive or prejudicial to the interests of some part of the members, including himself, may petition the court which may, if it is of the opinion that to wind up the company would unfairly prejudice that part of the members but that otherwise the facts would justify the making of a winding up order on just and equitable grounds, make such order as it thinks fit, whether for regulating the conduct of the company's affairs in future or for the purchase of shares of any members of the company by other members of the company or by the company itself and in the case of a purchase by the company itself, for the reduction accordingly of the company's capital, or otherwise. Bermuda law also provides that the company may be wound up by the Bermuda court, if the court is of the opinion that it is just and equitable to do so. Both these provisions are available to minority shareholders seeking relief from the oppressive conduct of the majority, and the court has wide discretion to make such orders as it thinks fit.

Except as mentioned above, claims against a company by its shareholders must be based on the general laws of contract or tort applicable in Bermuda.

A statutory right of action is conferred on subscribers of shares in a company against persons, including directors and officers, responsible for the issue of a prospectus in respect of damage suffered by reason of an untrue statement therein, but this confers no right of action against the company itself. In addition, such company, as opposed to its shareholders, may take action against its officers including directors, for breach of their statutory and fiduciary duty to act honestly and in good faith with a view to the best interests of the company.

(f) Management

The Companies Act contains no specific restrictions on the power of directors to dispose of assets of a company, although it specifically requires that every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Furthermore, the Companies Act requires that every officer should comply with the Companies Act, regulations passed pursuant to the Companies Act and the bye-laws of the company. The directors of a company may, subject to the bye-laws of the company, exercise all the powers of the company except those powers that are required by the Companies Act or the bye-laws to be exercised by the members of the company.

(g) Accounting and auditing requirements

The Companies Act requires a company to cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company and (iii) the assets and liabilities of the company.

Furthermore, it requires that a company keeps its records of account at the registered office of the company or at such other place as the directors think fit and that such records shall at all times be open to inspection by the directors or the resident representative of the company. If the records of account are kept at some place outside Bermuda, there shall be kept at the office of the company in Bermuda such records as will enable the directors or the resident representative of the company to ascertain with reasonable accuracy the financial position of the company at the end of each three month period, except that where the company is listed on an appointed stock exchange, there shall be kept such records as will enable the directors or the resident representative of the company to ascertain with reasonable accuracy the financial position of the company at the end of each six month period.

The Companies Act requires that the directors of the company must, at least once a year, lay before the company in general meeting financial statements for the relevant accounting period. Further, the company's auditor must audit the financial statements so as to enable him to report to the members. Based on the results of his audit, which must be made in accordance with generally accepted auditing standards, the auditor must then make a report to the members. The generally accepted auditing standards may be those of a country or jurisdiction other than Bermuda or such other generally accepted auditing standards as may be appointed by the Minister of Finance of Bermuda under the Companies Act; and where the generally accepted auditing standards used are other than those of Bermuda, the report of the auditor shall identify the generally accepted auditing standards used. All members of the company are entitled to receive a copy of every financial statement prepared in accordance with these requirements, at least five (5) days before the general meeting of the company at which the financial statements are to be tabled. A company the shares of which are listed on an appointed stock exchange may send to its members summarized financial statements instead. The summarized financial statements must be derived from the company's financial statements for the relevant period and contain the information set out in the Companies Act. The summarized financial statements sent to the company's members must be accompanied by an auditor's report on the summarized financial statements and a notice stating how a member may notify the company of his election to receive financial statements for the relevant period and/or for subsequent periods.

The summarized financial statements together with the auditor's report thereon and the accompanied notice must be sent to the members of the company not less than twenty-one (21) days before the general meeting at which the financial statements are laid. Copies of the financial statements must be sent to a member who elects to receive the same within seven (7) days of receipt by the company of the member's notice of election.

(h) Auditors

At each annual general meeting, a company must appoint an auditor to hold office until the close of the next annual general meeting; however, this requirement may be waived if all of the shareholders and all of the directors, either in writing or at the general meeting, agree that there shall be no auditor.

A person, other than an incumbent auditor, shall not be capable of being appointed auditor at an annual general meeting unless notice in writing of an intention to nominate that person to the office of auditor has been given not less than twenty-one (21) days before the annual general meeting. The company must send a copy of such notice to the incumbent auditor and give notice thereof to the members not less than seven (7) days before the annual general meeting. An incumbent auditor may, however, by notice in writing to the secretary of the company waive the requirements of the foregoing.

Where an auditor is appointed to replace another auditor, the new auditor must seek from the replaced auditor a written statement as to the circumstances of the latter is replacement. If the replaced auditor does not respond within fifteen (15) days, the new auditor may act in any event. An appointment as auditor of a person who has not requested a written statement from the replaced auditor is voidable by a resolution of the shareholders at a general meeting. An auditor who has resigned, been removed or whose term of office has expired or is about to expire, or who has vacated office is entitled to attend the general meeting of the company at which he is to be removed or his successor is to be appointed; to receive all notices of, and other communications relating to, that meeting which a member is entitled to receive; and to be heard at that meeting on any part of the business of the meeting that relates to his duties as auditor or former auditor.

(i) Exchange control

An exempted company is usually designated as "non resident" for Bermuda exchange control purposes by the Bermuda Monetary Authority. Where a company is so designated, it is free to deal in currencies of countries outside the Bermuda exchange control area which are freely convertible into currencies of any other country. The permission of the Bermuda Monetary Authority is required for the issue of shares and securities by the company and the subsequent transfer of such shares and securities. In granting such permission, the Bermuda Monetary Authority accepts no responsibility for the financial soundness of any proposals or for the correctness of any statements made or opinions expressed in any document with regard to such issue. Before the company can issue or transfer any further shares and securities in excess of the amounts already approved, it must obtain the prior consent of the Bermuda Monetary Authority.

The Bermuda Monetary Authority has granted general permission for the issue and transfer of shares and securities to and between persons regarded as resident outside Bermuda for exchange control purposes without specific consent for so long as any equity securities, including shares, are listed on an appointed stock exchange (as defined in the Companies Act). Issues to and transfers involving persons regarded as "resident" for exchange control purposes in Bermuda will be subject to specific exchange control authorisation.

(j) Taxation

Under present Bermuda law, no Bermuda withholding tax on dividends or other distributions, nor any Bermuda tax computed on profits or income or on any capital asset, gain or appreciation will be payable by an exempted company or its operations, nor is there any Bermuda tax in the nature of estate duty or inheritance tax applicable to shares, debentures or other obligations of the company held by non residents of Bermuda. Furthermore, a company may apply to the Minister of Finance of Bermuda for an assurance, under the Exempted Undertakings Tax Protection Act 1966 of Bermuda, that no such taxes shall be so applicable until 28th March 2016, although this assurance will not prevent the imposition of any Bermuda tax payable in relation to any land in Bermuda leased or let to the company or to persons ordinarily resident in Bermuda.

(k) Stamp duty

An exempted company is exempt from all stamp duties except on transactions involving "Bermuda property". This term relates, essentially, to real and personal property physically situated in Bermuda, including shares in local companies (as opposed to exempted companies). Transfers of shares and warrants in all exempted companies are exempt from Bermuda stamp duty.

(l) Loans to directors

Bermuda law prohibits the making of loans by a company to any of its directors or to their families or companies in which they hold more than a twenty per cent. (20%) interest, without the consent of any member or members holding in aggregate not less than nine tenths of the total voting rights of all members having the right to vote at any meeting of the members of the company. These prohibitions do not apply to (a) anything done to provide a director with funds to meet the expenditure incurred or to be incurred by him for the purposes of the company, provided that the company gives its prior approval at a general meeting or, if not, the loan is made on condition that it will be repaid within six months of the next following annual general meeting if the loan is not approved at or before such meeting, (b) in the case of a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans made by other persons, anything done by the company in the ordinary course of that business, or (c) any advance of moneys by the company to any officer or auditor under Section 98(2)(c) of the Companies Act which allows the company to advance moneys to an officer or auditor of the company for the costs incurred in defending any civil or criminal proceedings against them, on condition that the officer or auditor shall repay the advance if any allegation of fraud or dishonesty is proved against them. If the approval of the company is not given for a loan, the directors who authorised it will be jointly and severally liable for any loss arising therefrom.

(m) Inspection of corporate records

Members of the general public have the right to inspect the public documents of a company available at the office of the Registrar of Companies in Bermuda which will include the company's certificate of incorporation, its memorandum of association (including its objects and powers) and any alteration to the company's memorandum of association. The members of the company have the additional right to inspect the bye-laws of a company, minutes of general meetings and the company's audited financial statements, which must be presented to the annual general meeting. Minutes of general meetings of a company are also open for inspection by directors of the company without charge for not less than two (2) hours during business hours each day. The register of members of a company is open for inspection by members of the public without charge. The company is required to maintain its share register in Bermuda but may, subject to the provisions of the Companies Act, establish a branch register outside Bermuda. Any branch register of members established by the company is subject to the same rights of inspection as the principal register of members of the company in Bermuda. Any person may on payment of a fee prescribed by the Companies Act require a copy of the register of members or any part thereof which must be provided within fourteen (14) days of a request. Bermuda law does not, however, provide a general right for members to inspect or obtain copies of any other corporate records.

A company is required to maintain a register of directors and officers at its registered office and such register must be made available for inspection for not less than two (2) hours in each day by members of the public without charge. If summarized financial statements are sent by a company to its members pursuant to section 87A of the Companies Act, a copy of the summarized financial statements must be made available for inspection by the public at the registered office of the company in Bermuda.

(n) Winding up

A company may be wound up by the Bermuda court on application presented by the company itself, its creditors or its contributors. The Bermuda court also has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Bermuda court, just and equitable that such company be wound up.

A company may be wound up voluntarily when the members so resolve in general meeting, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum expires, or the event occurs on the occurrence of which the memorandum provides that the company is to be dissolved. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above. Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval.

Where, on a voluntary winding up, a majority of directors make a statutory declaration of solvency, the winding up will be a members' voluntary winding up. In any case where such declaration has not been made, the winding up will be a creditors' voluntary winding up.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators within the period prescribed by the Companies Act for the purpose of winding up the affairs of the company and distributing its assets. If the liquidator at any time forms the opinion that such company will not be able to pay its debts in full, he is obliged to summon a meeting of creditors.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting requires at least one month's notice published in an appointed newspaper in Bermuda.

In the case of a creditors' voluntary winding up of a company, the company must call a meeting of creditors of the company to be summoned on the day following the day on which the meeting of the members at which the resolution for winding up is to be proposed is held. Notice of such meeting of creditors must be sent at the same time as notice is sent to members. In addition, such company must cause a notice to appear in an appointed newspaper on at least two occasions.

The creditors and the members at their respective meetings may nominate a person to be liquidator for the purposes of winding up the affairs of the company provided that if the creditors nominate a different person, the person nominated by the creditors shall be the liquidator. The creditors at the creditors' meeting may also appoint a committee of inspection consisting of not more than five persons.

If a creditors' winding up continues for more than one year, the liquidator is required to summon a general meeting of the company and a meeting of the creditors at the end of each year to lay before such meetings an account of his acts and dealings and of the conduct of the winding up during the preceding year. As soon as the affairs of the company are fully wound up, the liquidator must make an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon shall call a general meeting of the company and a meeting of the creditors for the purposes of laying the account before such meetings and giving an explanation thereof.

1. RESPONSIBILITY STATEMENT

This Prospectus includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiry, that to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

Authorised:		*HK$*
20,000,000,000	Shares	2,000,000,000
Issued and to be issued:		
1,168,240,852	Shares as at the Latest Practicable Date	116,824,085.2
584,120,426	Offer Shares to be allotted and issued under the Open Offer	58,412,042.6
1,752,361,278	Shares in issue immediately after completion of the Open Offer	175,236,127.8

All of the Offer Shares to be issued will rank pari passu in all respects with all the Shares in issue as at the date of allotment and issue of the Offer Shares. The Offer Shares to be issued will be listed on the Stock Exchange.

As at the Latest Practicable Date, the Company has: (i) 18,638,000 outstanding Share Options; (ii) the Convertible Bond; and (iii) 221,600,000 Warrants in issue. Save for the Convertible Bonds, Warrants and Share Options, the Company had no outstanding options, warrants, derivatives or convertible securities which may confer any right to the holder thereof to subscribe for, convert or exchange into new Shares as at the Latest Practicable Date.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Offer Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

3. DISCLOSURE OF INTERESTS

Disclosure of interests by the Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (ii) which were required, pursuant to Section 352 of SFO, to be recorded in the register referred to therein; or (iii) which were required, pursuant to the Model Code set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(a) Long position in the Shares of the Company

Name of director	Nature of interests	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company
Mr. Sha Yingjie	Personal interests	1,024,000	0.09%
Ms. Lu Xiaoling	Personal interests	146,000	0.01%

(b) Interests in Share Options under the Share Option Scheme

Name of Directors	Date of grant	Exercise price	Vesting and exercise period	Number of share options granted and outstanding
Mr. Hu Yangxiong	15 Jan 2008	HK$0.74	16 Jan 2008 to 15 Jan 2010	3,154,000
Mr. Sha Yingjie	15 Jan 2008	HK$0.74	16 Jan 2008 to 15 Jan 2010	2,000,000
Mr. Qu Jiaqi	15 Jan 2008	HK$0.74	16 Jan 2008 to 15 Jan 2010	2,000,000
Mr. Li Haogang	15 Jan 2008	HK$0.74	16 Jan 2008 to 15 Jan 2010	2,000,000

All the interests stated above represents long positions. No short positions were recorded in the register maintained by the Company under Section 352 of the SFO as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had, or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and 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 (ii) which are required to be entered into the register kept by the Company pursuant to Section 352 of the SFO; or (iii) which are required pursuant to the Model Code.

4. DISCLOSURE OF INTERESTS UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors, the following persons (other than the Director or chief executive of the Company) had, or were deemed to have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long position in the Shares and the underlying Shares

Name of Shareholders	Long positions/ short positions	Nature of interests	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company
Best Mineral Resources Limited ("BMRL")	Long positions	Personal interests	317,464,072 *(Note 1)*	27.17%
Mr. Chen Jian	Long positions	Corporate interests	317,464,072 *(Note 1)*	27.17%
Mr. Li Peng	Long positions	Personal interests	225,690,000 *(Note 2)*	19.32%
Partners Capital Securities Limited	Long positions	Personal interests	209,388,390 *(Note 3)*	11.95%
Phoenix Capital Securities Limited	Long positions	Personal interests	100,000,000 *(Note 4)*	5.71%

Notes:

(1) Best Mineral Resources Limited held 317,464,072 shares under its own name as at the Latest Practicable Date. Mr. Chen Jian held 100% of the issued share capital of Best Mineral Resources Limited. As such, Mr. Chen Jian was deemed to be interested in 317,464,072 shares by virtue of his shareholding in Best Mineral Resources Limited.

(2) Mr. Li Peng is interested in 4,090,000 Shares and 221,600,000 warrants, each of the warrant confers the rights to subscribe for new Share in cash at an initial subscription price of HK$0.29 per share (subject to adjustments).

(3) 209,388,390 Shares represent the number of Shares underwritten by Partners Capital Securities Limited. Percentage calculated base on the Shares as enlarged by the Offer Shares.

(4) 100,000,000 Shares represent the number of Shares underwritten by Phoenix Capital Securities Limited. Percentage calculated base on the Shares as enlarged by the Offer Shares.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

5. DIRECTOR SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

6. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS

As at the Latest Practicable Date, none of the Directors of the Company had any interest in any assets which have been since 31 December 2008 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group. As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

7. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors or any of their respective associates had any interests in a business which competes or may compete, either directly or indirectly, with the business of the Group or has, any other conflict of interest which any such person has or may have within the Group.

8. LITIGATION

On 7 September 2005, Century Ginwa, together with other four unrelated parties (collectively known as the "Guarantor I"), entered into guarantee contracts with a bank to provide guarantees to secure a bank loan of RMB24,000,000, which was interest bearing at 6.138% per annum, granted to an unrelated party (the "Borrower I") for a period from 7 September 2005 to 6 June 2006. The guarantee period given by the Guarantor I was two years starting from 6 June 2006. By default of the Borrower I, a court judgement was obtained by the bank on 30 October 2006 against the Guarantor I for the repayment of the bank loan together with interest and administrative expenses thereon. On 31 August 2008, Ginwa Investments entered into a counter-indemnity agreement with Century Ginwa to indemnify it against any loss that may arise from this guarantee. On 30 June 2009, the outstanding balance of the bank loan was approximately RMB18,249,000.

The Directors consider that, given the nature of the claims and the preliminary status of these proceedings, it is not possible to estimate the eventual outcome of the claims with reasonable certainty at this stage. In addition, Ginwa Investments has agreed to indemnify Century Ginwa against any loss that may arise from this guarantee.

Save as disclosed, the Directors are aware, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or arbitration of material importance was pending or threatened against the Company or any of its subsidiaries as at the Latest Practicable Date.

9. MATERIAL CONTRACTS

The following contracts (not being contract in the ordinary course of business) were entered into by the members of the Group within the two years preceding the date of this Prospectus and are or may be material:

(a) the supplemental agreement dated 28 December 2007 entered into among the Company, Best Mineral Resources and Mr. Wu Yijian setting out further terms and conditions to the agreement dated 25 September 2007 entered into between Best Mineral Resources and the Company in relation to the procurement by Best Mineral Resources of certain matters with respect to the acquisition of 76.43% interest in Century Ginwa, by China Rich International Management Limited, a wholly-owned subsidiary of the Company incorporated in Hong Kong.

(b) a counter-indemnity agreement entered into between 金花投資有限公司 (Ginwa Investment Company Limited) with Century Ginwa on 31 August 2008 in relation to a guarantee contract dated 29 September 2007.

(c) the tenancy agreement dated 5 January 2009 and the supplemental tenancy agreement dated 16 January 2009 and entered into between Xian Century Ginwa Shopping Centre as head tenant and 西安世紀金花宜品生活用品有限公司 as tenant in relation to the lease of premises situated on the ground floor of Xian Century Ginwa in GaoXin District, Xian.

(d) the tenancy agreement dated 5 January 2009 and the supplemental tenancy agreement dated 16 January 2009 and entered into between Century Ginwa as head tenant and 西安世紀金花宜品生活用品有限公司 as tenant in relation to the lease of first underground and second underground floors of Bell Tower Shopping Centre, Xian.

(e) the warrant subscription agreement dated 31 July 2009 entered into between the Company and subscriber in relation to a private placing of 231,600,000 warrants at an issue price of HK$0.011 per warrant.

(f) the Underwriting Agreement and the Supplemental Agreement.

(g) the Modification Deed.

10. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualifications of the expert who have given opinion or advice contained in this Prospectus:

Name	Qualification
Baker Tilly Hong Kong Limited	Certified Public Accountants

As at the Latest Practicable Date, Baker Tilly Hong Kong Limited has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its letters and reference to its names and opinions in the form and context in which they appear in this Prospectus.

As at the Latest Practicable Date, Baker Tilly Hong Kong Limited did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Baker Tilly Hong Kong Limited did not have any interest in any assets which have been since 31 December 2008 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

11. PARTIES INVOLVED IN THE OPEN OFFER AND CORPORATE INFORMATION

Principal office	:	Unit 1801, 18/F 181 Johnston Road Wanchai Hong Kong
Registered office	:	Clarendon House 2 Church Street Hamilton HM11 Bermuda

Financial adviser	:	INCU Corporate Finance Limited Unit 1602, Ruttonjee House Ruttonjee Centre 11 Duddell Street Central Hong Kong
Underwriters	:	Partners Capital Securities Limited Room 3905, 39/F COSCO Tower 183 Queen's Road Central Hong Kong OSK Securities Hong Kong Limited 12/F, World-Wide House 19 Des Voeux Road Central Hong Kong Phoenix Capital Securities Limited 2/F, SBI Centre 54-58 Des Voeux Road Central Hong Kong
Legal advisers	:	*as to Hong Kong law* Michael Li & Co 14/F., Printing House 6 Duddell Street Central Hong Kong *as to Bermuda law* Conyers Dill & Pearman 2901, One Exchange Square 8 Connaught Place Central, Hong Kong

Auditor	:	Baker Tilly Hong Kong Limited Certified Public Accountants 12/F., China Merchants Tower Shun Tak Centre 168-200 Connaught Road Central Hong Kong
Principal bankers	:	*In the PRC* Agricultural Bank of China (Xinjiang Corps Branch) Xinjiang Corps Branch 740 You Hao North Road Urumqi, Xinjiang, The PRC Industrial and Commercial Bank of China (Xian Hi-tech Industrial Zone Branch) Xi'an Zhong Lou Branch 12 Nanda Avenue, Xi'an City Shaanxi Province, The PRC *In Hong Kong* Wing Lung Bank Shop 101, 1/F., Shopping Arcade, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong Bank of China (HK) 71 Des Voeux Road Central, Hong Kong
Share registrars and transfer office	:	*Principal share registrar* Butterfield Fulcrum Group (Bermuda) Limited Rosebank Centre 11 Bermudiana Road, Pembroke HM 08 Bermuda *Hong Kong branch share registrar* Tricor Abacus Limited 26/F Tesbury Centre 28 Queen's Road East Hong Kong
Authorised representatives	:	Hu Yangxiong Un Kwok Kee, John
Company secretary	:	Un Kwok Kee, John

12. PARTICULARS OF THE DIRECTORS

Executive Directors:	
Mr. Hu Yangxiong	Unit 1801, 18/F
(Vice Chairman and	181 Johnston Road
Chief Executive Officer)	Wanchai
Mr. Qu Jiaqi	Hong Kong
Mr. Li Haogang	
Mr. Sha Yingjie	
Ms. Lu Xiaoling	
Independent non-executive Directors:	
Mr. Chan Wai Kwong, Peter	21/F., 3 Lockhart Road Wanchai, Hong Kong
Mr. Fu Wing Kwok, Ewing	Unit 07, 26/F., Greenfield Tower Concordia Plaza, 1 Science Museum Road Tsim Sha Tsui, Kowloon, Hong Kong
Mr. Tsang Kwok Wai	2/F., Kam Lung Commercial Centre 2 Hart Avenue, Tsim Sha Tsui Kowloon, Hong Kong

Brief biographical details of Directors

Executive Directors

Hu Yangxiong

Mr. Hu Yangxiong ("Mr. Hu"), aged 48, joined the Board as an Independent Non-Executive Director in November 2001 and was re-designated as an Executive Director on 28 March 2006. Mr. Hu was appointed as the Vice-Chairman and Chief Executive Officer with effect from 17 May 2006.

Mr. Hu graduated from Zhengzhou Airline Industry Management Institute, Beijing Airline, Spaceflight University and Graduate School of the Chinese Academy of Social Sciences with major in Financial Management, Engineering Management and Economic Laws respectively. He is also qualified as CPA of China and Advanced Accountant. Mr. Hu is currently a Director of New Taohuayuen Culture Tourism Co., Ltd. the shares of which are listed on the OTC Bulletin Board in the United States. Mr. Hu is also an Executive Director of Everpride Biopharmaceutical Company Limited, which is listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited.

Save as disclosed above, Mr. Hu does not hold any positions with the Company and its subsidiaries, nor has he held any directorship in other listed public companies or any other major appointments and professional qualifications in the past three years. Mr. Hu does not have any relationship with any other Directors, senior management or substantial or controlling Shareholders.

Qu Jiaqi

Mr. Qu Jiaqi ("Mr. Qu"), aged 50, was appointed Executive Director of the Company on 11 August 2007. He is currently Vice President and Director of Ginwa Enterprise (Group) Inc. ("Ginwa Enterprise") and General Manager of Century Ginwa Joint Stock Limited Company ("Century Ginwa"), both companies are connected persons of the Company as defined under the Listing Rules. Mr. Qu joined Ginwa Enterprise and Century Ginwa Group in 1999. Before that, Mr. Qu worked with several other large department stores and shopping malls in Xian, China.

Mr. Qu has nearly 30 years of working experience in department store business. Mr. Qu received Management education and training in Mainland China. He also received training in High Level Business Administration from the Open University of Hong Kong. He was awarded the "Shaanxi Province Outstanding Young Entrepreneur" in October 2000 and "China Professional Operational Management Master"（中國商業經營大師）in 2005. Mr. Qu is also a Representative of the 13th and 14th Xian City People's Assembly.

Save as disclosed above, Mr. Qu does not hold any positions with the Company and its subsidiaries, nor has he held any directorship in other listed public companies or any other major appointments and professional qualifications in the past three years. Mr. Qu does not have any relationship with any other Directors, senior management or substantial or controlling Shareholders.

Li Haogang

Mr. Li Haogang ("Mr. Li"), aged 44, was appointed Executive Director of the Company on 11 August 2007. He is currently Assistant to President of Ginwa Enterprise (Group) Inc. ("Ginwa Enterprise") and General Affairs Assistant General Manager of Century Ginwa Joint Stock Limited Company ("Century Ginwa"), both companies are connected persons of the Company as defined under the Listing Rules. Mr. Li joined Ginwa Enterprise in 1988. Before that, Mr. Li worked with Shaanxi Jin Run Property Development Company.

Mr. Li has rich experience in corporate operations, management and business development. He was awarded the "Xian City Outstanding Young Entrepreneur" in 1996 and "The Seventh Year Shaanxi Province Excellent (Outstanding) Young Entrepreneur".

Save as disclosed above, Mr. Li does not hold any positions with the Company and its subsidiaries, nor has he held any directorship in other listed public companies or any other major appointments and professional qualifications in the past three years. Mr. Li does not have any relationship with any other Directors, senior management or substantial or controlling Shareholders.

Sha Yingjie

Mr. Sha Yingjie ("Mr. Sha"), aged 51, was appointed Executive Director of the Company on 1 July 2007. He is currently the Financial Controller of Century Ginwa Joint Stock Company Limited ("Century Ginwa"), a connected person of the Company as defined under the Listing Rules. Mr. Sha joined Century Ginwa in 1997 and was appointed Financial Controller and Assistant General Manager in 2004 and 2009 respectively. Before Mr. Sha joined Century Ginwa, he once worked as Financial Controller of the Supply Station of XiBei Electrical Engineering Company Limited, and the Financial Controller of Xian Taiwan Hotel.

Mr. Sha has more than 20 years of working experience in commerce and finance. Mr. Sha received Management education and training in Mainland China. He also received training in High Level Business Administration from the Open University of Hong Kong. He was awarded China Career Manager in June 2003 and was appointed Taxation Practice Review Inspector by Xian Tax Bureau in the PRC in 2006.

Save as disclosed above, Mr. Sha does not hold any positions with the Company and its subsidiaries, nor has he held any directorship in other listed public companies or any other major appointments and professional qualifications in the past three years. Mr. Sha does not have any relationship with any other Directors, senior management or substantial or controlling Shareholders.

Lu Xiaoling

Ms. Lu Xiaoling ("Ms. Lu"), aged 52, was appointed Executive Director of the Company on 1 February 2009. She is currently Chief Representative of the Xian Representative Office of China King Management Limited (a wholly subsidiary of the Company), and Director of Ginwa Enterprise (Group) Inc. Ms. Lu once worked as Chairman and General Manager of Guo Da Financial Management Consultancy Company Ltd., and Chief Accountant of Xian Xiang Yu Aero Technology Development (Group) Company Ltd.

Ms. Lu has more than thirty years of commerce, financial and various management experiences. Ms. Lu received both domestic and overseas financial management education and training. She is an associate member of China Association of Chief Financial Officers. She has obtained professional qualifications including China Senior Accountant, International Finance Manager of Cambridge, England, China Certified Project Data Analyst, International Finance Manager, China Certified Tax Planner, Senior Executive Independent Director of Shenzhen Stock Exchange, and China Senior Career Manager.

Save as disclosed above, Ms. Lu does not hold any positions with the Company and its subsidiaries, nor has she held any directorship in other listed public companies or any other major appointments and professional qualifications in the past three years. Ms. Lu does not have any relationship with any other Directors, senior management or substantial or controlling Shareholders.

Independent Non-Executive Directors

Chan Wai Kwong, Peter

Mr. Chan Wai Kwong, Peter ("Mr. Chan"), aged 55, was appointed as an Independent Non-Executive Director of the Company on 24 September 2004. Mr. Chan graduated with a bachelor degree in Social Science (Economics) from the University of Western Ontario, Canada in 1978. Mr. Chan has over 24 years' experience in marketing and business development. Mr. Chan is an Executive Director of China Solar Energy Holdings Limited and Mobile Telecom Network (Holdings) Limited, both of which are listed companies in Hong Kong.

Save as disclosed above, Mr. Chan does not hold any positions with the Company and its subsidiaries, nor has he held any directorship in other listed public companies or any other major appointments and professional qualifications in the past three years. Mr. Chan does not have any relationship with any other Directors, senior management or substantial or controlling Shareholders.

Fu Wing Kwok, Ewing

Mr. Fu Wing Kwok, Ewing ("Mr. Fu"), aged 39, is the Chief Financial Officer and the Company Secretary of Sino Union Petroleum & Chemical International Limited, which is listed on the Main Board of the Stock Exchange of Hong Kong Limited. Mr. Fu is also responsible for the planning and supervising the implementation of the management information system of Sino Union. Mr. Fu is also a Independent Non-Executive Director of Everpride Biopharmaceutical Company Limited, which is listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited. He holds a bachelor degree in science with major in accounting of Bemidji State University, USA and is a member of both American Institute of Certified Public Accountants and Hong Kong Institute of Certified Public Accountants. He has over 12 years of experience in auditing and accounting field.

Save as disclosed above, Mr. Fu does not hold any positions with the Company and its subsidiaries, nor has he held any directorship in other listed public companies or any other major appointments and professional qualifications in the past three years. Mr. Fu does not have any relationship with any other Directors, senior management or substantial or controlling Shareholders.

Tsang Kwok Wai

Mr. Tsang Kwok Wai ("Mr. Tsang"), aged 39, was appointed as an Independent Non-Executive Director of the Company on 25 September 2008. Mr. Tsang is a fellow member of The Hong Kong Institute of Certified Public Accountants; The Association of Chartered Certified Accountants; and The Taxation Institute of Hong Kong. Mr. Tsang has over fifteen years of experience in accounting and finance. At present, Mr. Tsang runs his own firm and practices public accounting.

Mr. Tsang is an independent non-executive director of K.P.I. Company Limited (a company listed on The Stock Exchange of Hong Kong Limited) which is engaged in retail business in PRC and ABC Communications (Holdings) Limited (a company listed on The Stock Exchange of Hong Kong Limited) which is engaged in the business of financial information services.

Save as disclosed above, Mr. Tsang does not hold any positions with the Company and its subsidiaries, nor has he held any directorship in other listed public companies or any other major appointments and professional qualifications in the past three years. Mr. Tsang does not have any relationship with any other Directors, senior management or substantial or controlling Shareholders.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Company at Unit 1801, 18/F, 181 Johnston Road, Wanchai, Hong Kong during normal business hours on any business day from the date of this Prospectus up to and including the Latest Time for Acceptance:

(a) the memorandum of association and bye-laws of the Company;

(b) the annual reports of the Company for the two years ended 31 December 2008;

(c) the interim report of the Company for the six months ended 30 June 2009;

(d) the report on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this Prospectus;

(e) the written consents from the experts referred to in paragraph headed "Qualification and consent of expert" in this appendix;

(f) the material contracts referred to under the paragraph headed "Material contracts" in this appendix;

(g) the circular of the Company dated 31 December 2007 in relation to the acquisition of 76.43% interest in Century Ginwa Joint Stock Company Limited;

(h) the circular of the Company dated 7 December 2009 in relation to the Open Offer, the Change of Terms of Convertible Bond and the Set Off; and

(i) this Prospectus.

14. GENERAL

a. The principal office of the Company is at Unit 1801, 18/F, 181 Johnston Road, Wanchai, Hong Kong. The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

b. The branch share registrar and transfer office of the Company in Hong Kong is Tricor Abacus Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong.

c. The secretary of the Company is Mr. Un Kowk Kee, John, a member of Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

d. As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.

e. The translation into Chinese language of this document is for reference only. In the event of any inconsistency, the English text of this document shall prevail over the Chinese language text.

f. The expenses in connection with the Open Offer, including financial advisory fees, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK$2.56 million and are payable by the Company.

15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND BERMUDA

A copy of this Prospectus Documents and the consent letter referred to in the paragraph headed "Experts and Consents" in this appendix have been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance. A copy of each of the Prospectus Documents has also been filed with the Registrar of Company in Bermuda in accordance with the Companies Act.

16. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. When an acceptance or application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance.