JIUZHOU DEVELOPMENT COMPANY LIMITED
九洲發展有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 908)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

FINAL RESULTS

The Board of Directors of Jiuzhou Development Company Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries ("the Group") for the year ended 31 December 2007, together with the comparative figures for the eight months ended 31 December 2006 as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2007

	Notes	**Year ended 31 December 2007** *HK$'000*	Eight months ended 31 December 2006 *HK$'000*
REVENUE	*6*	**299,392**	189,691
Cost of sales		**(230,023)**	(144,385)
Gross profit		**69,369**	45,306
Other income and gains	*6*	**58,858**	37,882
Selling and distribution costs		**(6,870)**	(4,365)
Administrative expenses		**(60,847)**	(40,628)
Other operating expenses, net		**(5,751)**	(4,993)
Share of profits and losses of a jointly-controlled entity		**36,729**	16,058
PROFIT BEFORE TAX	*7*	**91,488**	49,260
Tax	*8*	**(9,498)**	(3,995)
PROFIT FOR THE YEAR/PERIOD		**81,990**	45,265

	Notes	Year ended 31 December 2007 HK$'000	Eight months ended 31 December 2006 HK$'000
Attributable to:			
Equity holders of the Company		**79,405**	44,145
Minority interests		**2,585**	1,120
		81,990	45,265
PROPOSED FINAL DIVIDEND	*9*	**22,372**	10,990
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*10*		
Basic		**HK7.12 cents**	HK4.43 cents
Diluted		**HK7.11 cents**	HK4.30 cents

CONSOLIDATED BALANCE SHEET

31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**392,807**	365,349
Prepaid land lease payments		**191,524**	195,167
Rights to use port facilities		**19,944**	19,122
Intangible asset		**5,883**	7,930
Interest in a jointly-controlled entity		**120,739**	80,096
Interests in an associate		**—**	—
Available-for-sale investments		**17,474**	619
Prepayments and deposits		**88,044**	154,752
Total non-current assets		**836,415**	823,035
CURRENT ASSETS			
Securities measured at fair value through profit or loss		**128,024**	120,517
Inventories		**2,651**	2,123
Trade receivables	*11*	**28,852**	21,460
Prepayments, deposits and other receivables		**19,621**	21,167
Due from a jointly-controlled entity		**476**	3,459
Cash and cash equivalents		**345,083**	208,392
Total current assets		**524,707**	377,118
CURRENT LIABILITIES			
Trade payables	*12*	**19,377**	13,403
Accrued liabilities and other payables		**76,433**	63,911
Construction payables		**4,322**	4,139
Tax payable		**15,236**	11,872
Due to related companies		**801**	816
Total current liabilities		**116,169**	94,141
NET CURRENT ASSETS		**408,538**	282,977
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,244,953**	1,106,012

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**12,446**	5,842
Net assets		**1,232,507**	1,100,170
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**111,860**	109,898
Reserves		**1,087,475**	971,737
Proposed final dividend		**22,372**	10,990
		1,221,707	1,092,625
Minority interests		**10,800**	7,545
Total equity		**1,232,507**	1,100,170

NOTES

1. Change of Financial Year End Date

Pursuant to a resolution of the board of directors of the Company passed on 24 August 2006, the Company's financial year end date was changed from 30 April to 31 December to be coterminous with the financial year end date of the major operating subsidiaries. Accordingly, the comparative amounts shown in the consolidated income statement and related notes only covered the Group's eight months of operation from 1 May 2006 to 31 December 2006 and may not be fully comparable with the amounts for the year.

2. Modified Auditors' Report and Basis of Presentation

Without qualifying their opinion, the auditors draw attention to the adoption of the going concern basis on which the financial statements of the Group have been prepared. Liquidators (the "Liquidators") were appointed for a shareholder of the Company (the "Major Shareholder"), holding indirectly 337 million shares, and provisional liquidators (the "Provisional Liquidators") were appointed for another shareholder of the Company (the "Registered Shareholder"), which is a wholly-owned subsidiary of the Major Shareholder and directly holds the aforesaid 337 million shares in the Company, pursuant to various winding-up orders.

The above 337 million shares (the "Pledged Shares") held by the Registered Shareholder were charged in prior years in favour of a wholly-owned subsidiary of a substantial shareholder of the Company (the "Chargee"), and a dispute has arisen between the Chargee and the Provisional Liquidators over the proposed transfer of such shares.

Any changes in the registered holders of the Pledged Shares may result in a change in the composition of the board of directors of the Company.

The financial statements of the Group have been prepared on a going concern basis, the validity of which depends upon the fulfilment of the conditions of the conditional settlement agreement concerning the Pledged Shares entered into, among other parties, the Major Shareholder, the Registered Shareholder, the Chargee, the Liquidators and the Provisional Liquidators on 5 August 2006 (the "Settlement Agreement"). The fulfilment of the Settlement Agreement is in turn subject to the completion of the debt restructuring agreement entered into, among other parties, the Major Shareholder, the Liquidators and the Provisional Liquidators on 5 August 2006 (the "Debt Restructuring Agreement"). The financial statements of the Group do not include any adjustments that may be necessary should the conditions of the Settlement Agreement and the Debt Restructuring Agreement not be fulfilled, and as a direct consequence of which should any decisions be subsequently taken by the bankers, creditors, the Liquidators and/or the Provisional Liquidators over the future direction of the business and financial operations of the Group, which may affect the Group's ability to continue to operate as a going concern.

3. Basis of preparation

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

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2007. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

4. Impact of new and revised Hong Kong Financial Reporting Standards

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. The adoption of these new and revised standards and interpretations has had no material effect on these financial statements.

HKFRS 7	*Financial Instruments: Disclosures*
HKAS 1 Amendment	*Capital Disclosures*
HK(IFRIC)-Int 8	*Scope of HKFRS 2*
HK(IFRIC)-Int 9	*Reassessment of Embedded Derivatives*
HK(IFRIC)-Int 10	*Interim Financial Reporting and Impairment*

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) **HKFRS 7 *Financial Instruments: Disclosures***

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/revised where appropriate.

(b) **Amendment to HKAS 1 *Presentation of Financial Statements — Capital Disclosures***

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. These new disclosures are shown in note 40 to the Group's financial statements.

(c) **HK(IFRIC)*-Int 8 Scope of HKFRS 2***

This interpretation requires HKFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group's equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. The interpretation has had no effect on the Group's financial statements.

(d) **HK(IFRIC)*-Int 9 Reassessment of Embedded Derivatives***

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative is the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. The interpretation has had no effect on the Group's financial statements.

(e) **HK(IFRIC)-*Int 10 Interim Financial Reporting and Impairment***

The Group has adopted this interpretation as of 1 January 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available-for-sale or a financial asset carried at cost is not subsequently reversed. As the Group had no impairment losses previously reversed in respect of such assets, the interpretation has had no impact on the financial position or results of operations of the Group.

5. Segment Information

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

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

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

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

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

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

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the year ended 31 December 2007 and the eight months ended 31 December 2006.

	Hotel		Tourist attraction		Provision of port facilities and ticketing services		Corporate and others		Consolidated	
	Year ended 31 December 2007	Eight months ended 31 December 2006	**Year ended 31 December 2007**	Eight months ended 31 December 2006	**Year ended 31 December 2007**	Eight months ended 31 December 2006	**Year ended 31 December 2007**	Eight months ended 31 December 2006	**Year ended 31 December 2007**	Eight months ended 31 December 2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Sales to external customers	**188,811**	119,709	**57,658**	40,740	**52,923**	29,242	**—**	—	**299,392**	189,691
Segment results	**10,607**	(1,092)	**5,196**	3,937	**29,951**	12,489	**3,331**	14,153	**49,085**	29,487
Interest income									**5,674**	3,715
Share of profits and losses of a jointly-controlled entity	**—**	—	**—**	—	**36,729**	16,058	**—**	—	**36,729**	16,058
Profit before tax									**91,488**	49,260
Tax									**(9,498)**	(3,995)
Profit for the year/period									**81,990**	45,265

	Hotel		Tourist attraction		Provision of port facilities and ticketing services		Corporate and others		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets and liabilities:										
Segment assets	**407,320**	338,011	**414,702**	407,679	**108,851**	70,150	**309,510**	304,217	**1,240,383**	1,120,057
Interest in a jointly-controlled entity	**—**	—	**—**	—	**120,739**	80,096	**—**	—	**120,739**	80,096
Total assets									**1,361,122**	1,200,153
Segment liabilities	**58,270**	39,470	**14,422**	14,554	**25,547**	20,249	**2,694**	7,996	**100,933**	82,269
Unallocated liabilities									**27,682**	17,714
Total liabilities									**128,615**	99,983
Other segment information:										
Depreciation and amortisation	**12,458**	7,934	**23,798**	15,222	**2,260**	1,163	**507**	366	**39,023**	24,685
Capital expenditure	**10,234**	1,538	**3,936**	816	**5,717**	2,985	**48**	1,382	**19,935**	6,721
Impairment of golf club memberships	**2,565**	2,475	**—**	—	**—**	—	**—**	—	**2,565**	2,475
Impairment of trade and other receivables, net	**162**	145	**2,715**	208	**(40)**	(13)	**—**	—	**2,837**	340
Net fair value gains on securities measured at fair value through profit or loss	**—**	—	**—**	—	**—**	—	**(4,959)**	(1,074)	**(4,959)**	(1,074)

6. Revenue and Other Income and Gains

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

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

	Year ended 31 December 2007	Eight months ended 31 December 2006
	HK$'000	*HK$'000*
Revenue		
Sale of goods and provision of services	**299,392**	189,691
Other income and gains		
Interest income	**5,674**	3,715
Net fair value gains on securities measured at fair value through profit or loss	**4,959**	1,074
Gains on disposal of securities measured at fair value through profit or loss	**23,582**	15,382
Gain on disposal of an available-for-sale equity investment	**—**	3,101
Dividend income from listed equity investments	**583**	27
Gross rental income	**10,142**	6,782
Foreign exchange differences, net	**12,496**	5,971
Others	**1,422**	1,830
	58,858	37,882
	358,250	227,573

7. Profit Before Tax

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

	Year ended 31 December 2007 *HK$'000*	Eight months ended 31 December 2006 *HK$'000*
Cost of inventories sold	**30,306**	17,667
Cost of services provided*	**199,717**	126,718
Depreciation	**31,203**	19,614
Amortisation of prepaid land lease payments	**7,166**	4,745
Amortisation of rights to use port facilities	**654**	326
Minimum lease payments under operating leases in respect of land and buildings	**14,511**	8,938
Auditors' remuneration	**1,200**	1,070
Employee benefits expenses (including directors' remuneration):		
Wages and salaries	**59,433**	42,648
Pension scheme contributions	**2,920**	1,688
	62,353	44,336
Loss on disposal and write-off of items of property, plant and equipment**	**103**	292
Gain on disposal of a subsidiary**	**—**	(212)
Loss on disposal of an associate**	**—**	538
Net fair value gains on securities measured at fair value through profit or loss	**(4,959)**	(1,074)
Gains on disposal of securities measured at fair value through profit or loss	**(23,582)**	(15,382)
Gain on disposal of an available-for-sale equity investment	**—**	(3,101)
Impairment of interest in an associate**	**—**	612
Impairment of golf club memberships**	**2,565**	2,475
Impairment of trade receivables, net	**122**	206
Impairment of other receivables**	**2,715**	134
Foreign exchange differences, net	**(12,496)**	(5,971)

* Cost of services provided includes HK$87,072,000 (eight months ended 31 December 2006: HK$55,918,000) in respect of employee benefits expenses, depreciation of property, plant and equipment, amortisation of prepaid land lease payments, amortisation of rights to use port facilities and minimum lease payments under operating leases in respect of land and buildings, which are also included in the respective total amounts disclosed separately above for these types of expenses.

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

8. Tax

Hong Kong profits tax had not been provided as the Group did not generate any assessable profits arising in Hong Kong during the current year (eight months ended 31 December 2006: Nil). The Group's subsidiaries established in the PRC are subject to a PRC income tax rate of 15% (eight months ended 31 December 2006: 15%).

	Group	
	Year ended 31 December 2007	Eight months ended 31 December 2006
	HK$'000	*HK$'000*
Group:		
Current — Hong Kong	**—**	—
Current — PRC	**9,498**	3,995
Total tax charge for the year/period	**9,498**	3,995

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

	Group	
	Year ended 31 December 2007	Eight months ended 31 December 2006
	HK$'000	*HK$'000*
Profit before tax	**91,488**	49,260
Tax at the statutory tax rates	**29,911**	14,463
Lower tax rate for specific provinces or local authority	**(16,142)**	(6,784)
Profits and losses attributable to a jointly-controlled entity	**(5,510)**	(2,409)
Income not subject to tax	**(3,657)**	(2,104)
Expenses not deductible for tax	**2,677**	1,282
Tax losses utilised from previous periods	**—**	(755)
Tax losses not recognised	**2,219**	—
Others	**—**	302
Tax charge at the Group's effective tax rate	**9,498**	3,995

The share of tax attributable to a jointly-controlled entity amounting to approximately HK$7,853,000 (eight months ended 31 December 2006: HK$3,285,000) is included in "Share of profits and losses of a jointly-controlled entity" on the face of the consolidated income statement. There was no profits tax attributable to the associate of the Group as the associate did not generate any assessable profits during the current year (eight months ended 31 December 2006: Nil).

During the 5th Session of the 10th National People's Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law (the "New Corporate Income Tax Law") was approved and will become effective on 1 January 2008. The New Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%.

Pursuant to the Notice on the Implementation Rules for Grandfathering Relief under the New Corporate Income Tax Law issued by The State Council of the PRC on 26 December 2007, effective from 1 January 2008, the existing preferential income tax rate of 15% pertaining to the Group's subsidiaries operated in the PRC will gradually transit to applicable tax rate of 25%.

9. Dividend

	Company	
	Year ended 31 December 2007	Eight months ended 31 December 2006
	HK$'000	*HK$'000*
Proposed final — HK2 cents (eight months ended 31 December 2006: HK1 cent) per ordinary share	22,372	10,990

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

10. Earnings Per Share Attributable to Equity Holders of the Company

The calculation of basic earnings per share amounts is based on the profit for the year attributable to equity holders of the Company of approximately HK$79,405,000 (eight months ended 31 December 2006: HK$44,145,000) and the weighted average number of ordinary shares in issue during the year of 1,115,428,548 (eight months ended 31 December 2006: 996,425,298).

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to equity holders of the Company of approximately HK$79,405,000 (eight months ended 31 December 2006: HK$44,145,000). The weighted average number of ordinary shares of 1,116,969,581 (eight months ended 31 December 2006: 1,027,378,150) used in the calculation is the weighted average number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all warrants of 1,541,033 (eight months ended 31 December 2006: 20,342,191) during the year. For the eight months ended 31 December 2006, the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options was 10,610,661.

11. Trade Receivables

A defined credit policy is maintained within the Group. The general credit terms range from one to three months, except for certain well-established customers with a good repayment history, where the terms are extended to 18 months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise its credit risk. Overdue balances are regularly reviewed by senior management. In view of the aforementioned, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

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

	Group	
	2007	2006
	HK$'000	*HK$'000*
Current to 3 months	**13,338**	9,956
4 to 6 months	**3,741**	334
7 to 12 months	**8,286**	762
Over 12 months	**3,487**	10,408
	28,852	21,460

The carrying amounts of trade receivables approximate to their fair values.

12. Trade Payables

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

	Group	
	2007	2006
	HK$'000	*HK$'000*
Current to 3 months	**13,058**	9,368
4 to 6 months	**406**	178
7 to 12 months	**2,611**	291
Over 12 months	**3,302**	3,566
	19,377	13,403

The trade payables are non-interest-bearing and are normally settled on 60-day terms. The carrying amounts approximate to their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Owing to the change of financial year end date, the results of the Group in the current year covering the twelve months from 1 January 2007 to 31 December 2007 are therefore not entirely comparable with the results for the eight months ended 31 December 2006 ("the Period Last Year"), i.e. from 1 May 2006 to 31 December 2006.

1. Marine passenger transportation business

Our marine passenger transportation business continuously benefited from the opening of individual visits to Hong Kong and Macau and the rapid economic growth of Mainland, which attracted many tourists and business travellers from Mainland China and Hong Kong to visit Zhuhai. The number of passenger trips of the ferry services between Zhuhai and Hong Kong, and Zhuhai and Shekou during the year operated by Zhuhai High-Speed Passenger Ferry Co., Ltd. ("Ferry Company") was 1,821,000 and 611,000, respectively, representing an increase of approximately 87% and 80% respectively as compared with the passenger traffic of approximately 975,000 trips and 339,000 trips respectively for the eight months ended 31 December 2006. It was attributable, on one hand, to the quick and efficient expansion of fleet capacity by the management to keep pace with the operation of more liner-times and new routes, and on the other hand, to the increased sales effort in actively exploration of the tourist market. In early July 2007, Ferry Company opened up the passenger line between Hong Kong Airport and Jiuzhou Port, and suspended the passenger line between Tuen Mun and Jiuzhou Port in October during the same year. Through the connections between sea, land and air, the number of travellers in the nearby regions which were being attracted to take the ferry lines operated by the Group increased sharply. This led to more than double increase in operating profit as compared with the Period Last Year.

In port business sector, Zhuhai Jiuzhou Port Passenger Transport Service Co., Ltd. ("Jiuzhou Port Passenger Transport") is mainly engaged in ticket agency and provides port facilities for liner companies to operate the lines between Jiuzhou and Hong Kong and between Jiuzhou and Shekou, Tour Around Macao and Island cruise in Zhuhai. Jiuzhou Port operated by Jiuzhou Port Passenger Transport is the main port from cities in southwestern Pearl River Delta to Hong Kong and is the largest of its kind in Mainland China, recording the highest water transport volume among its Chinese counterparts. During the year, the transport volume of the Hong Kong line and Shekou line increased remarkably as the management exerted great effort in reconstructing stations to link water and land transports closely together, and significantly increasing the transport volume of Hong Kong line and Shekou line. Together with effective control of operating costs, the operating profit of the current year increased more than 50% as compared with the Period Last Year.

2. Hotel Business

During the year, the average occupancy rate of our hotel was approximately 62% and its occupancy rate and average room rates were remained at the similar level as compared with the Period Last Year. Despite continuous increase in operating costs and intensive competition, the management of our hotels successfully maintained stable development of the accommodation services of the resort hotel business and travel agency business by strengthening internal management and reducing energy consumption, and thereby enhancing operating efficiency. As for catering, banquets and sale of food, continuous growth was maintained through active sale promotion and the brilliant brand effect, and was able to capture a leading position in the Zhuhai market.

3. The New Yuanming Palace and the Fantasy Water World

During the year, the number of visitors of the New Yuanming Palace was approximately 770,000, representing an increase of approximately 54% as compared with the visitor traffic of approximately 500,000 visitors for the eight months ended 31 December 2006. The average ticket price was slightly increased by 2%, mainly because the New Yuanming Palace modified its operating strategy by raising the ticket prices of certain programs and ticket price for individual visitors. More promotion programs were launched and celebration activities for various festivals such as the Children's Art Festival were organised by the management. These activities aimed at enhancing the brand image of the New Yuanming Palace as well as attracting visitors.

During the year, the number of visitors of the Fantasy Water World was approximately 232,000, representing 85% of approximately 274,000 visitors for the eight months ended 31 December 2006, or a decrease of approximately 15% as compared with the Period Last Year. The decrease in number of visitors was mainly due to the frequent rainy days and typhoon during the year. The completion of a large scale water park in the nearby region further intensified the competition, which resulted in a decrease in the number of visitors as compared with the Period Last Year.

4. Others

As the operating revenue and assets of the Group were mainly denominated in Renminbi ("RMB"), the continuous rise in the exchange rate of RMB to Hong Kong dollars led to an increase in exchange gain of approximately HK$6,500,000 to the Group during the year, as compared to the Period Last Year. In addition, the operations of the Group's service businesses such as the marine passenger transportation business, hotel and tourist attractions businesses were mainly transacted in cash, allowing the Group to possess huge cash flow and the average balance of short term liquid funds amounted to more than HK$300,000,000 during the year. In order to enhance the effectiveness of such liquid funds, the management of the Group adopted financial prudence as the utmost important principle, by placing the liquid funds in short term investments and managed them flexibly and effectively so as to optimise the returns on assets. Adding the fact that the stock market in Mainland China was exceptionally feverish during the year and the interest rate continued to rise steadily. As a result, the securities investments and financial revenue earned by the Group for the year increased by approximately HK$11,500,000 as compared with the Period Last Year.

Prospects

Looking forward to the coming year, in addition to active development and promotion of tourism in Zhuhai, the Group's businesses of marine passenger transportation, hotels and tourism will continue to benefit from the economic growth of Mainland. The Group, however, will be affected by the rise in the prices of energy/materials and commodities at the same time. The management will strictly and actively control the costs, strengthen sale promotion, reinforce, reform and innovate the mode of operations, and organise and optimise the internal travel and transport resources in the hope of increasing cross-selling and economies of scale. Simultaneously, the Group will continue to explore high quality and suitable investments projects in order to consolidate its leading position in marine passenger transportation and tourism and to allow the Group to maintain continuous growth and development.

In March 2008, the Company entered into a letter of intent with Shenzhen Airport Co., Ltd. ("Shenzhen Airport Co."), the shares of which are listed on the Shenzhen Stock Exchange. Both parties intended to conduct possible strategic cooperation in the development of operations, piers and investments of ancillary facilities constructions for the lines. Pursuant to the letter of intent, the parties would jointly conduct research and analysis on the potential new ferry lines between Guangdong, Hong Kong and Macau. In addition, the Company will further explore opportunities of cooperation in response to the development plan of the pier and ancillary facilities of Shenzhen Airport Co. and market conditions. Please refer to the announcement of the Company on 17 April 2008 for details.

On the same date mentioned above, Ferry Company also entered into a cooperation agreement with a subsidiary of Shenzhen Airport Co., intending to explore the new ferry lines between Shenzhen Airport Ferry Terminal and Macau, and between Shenzhen Airport Ferry Terminal and Hong Kong. The new lines will become another growth point for the Group if the operation of the new lines are confirmed.

On the 29 December 2006, the Group entered into a conditional sale and purchase agreement ("Land Agreement") with the Zhuhai Guoyuan Investment Company Limited ("Zhuhai Guoyuan") for the acquisition of several parcels of land leased to the Group where certain building structures of the Hotel Business were erected ("Hotel Land") for an aggregate cash consideration of RMB90,900,000. A refundable deposit of RMB78,000,000 (equivalent to approximately HK$83,300,000) has been paid to Zhuhai Guoyuan by the Group.

Pursuant to the Land Agreement, the acquisition of the Hotel Land is conditional upon the completion of a debt restructuring agreement (please refer to note 2.1 to the financial statements for information on the latter agreement). In case the aforesaid acquisition is not completed on 16 April 2008 or any such later dates agreed by the parties, the Group has the right to terminate the transaction and demand Zhuhai Guoyuan to return all the deposits, together with the interests calculated at the prevailing PRC bank borrowing rates from 29 December 2006.

On the 18 March 2008, the Group entered into an extension agreement to extend the longstop date of the Land Agreement from 16 April 2008 to 16 October 2008. This was mainly because more time is required to obtain an order from the court of Macau to permanently stay the winding-up order or approve the debt restructuring or settlement of Zhu Kuan Group Company Limited ("Zhu Kuan Macau") (being a condition precedent to the completion of the Land Agreement).

It was disclosed in the annual report of the Company for the Period Last Year that in August 2006, Zhu Kuan Macau, Zhu Kuan (HK) Company Limited ("Zhu Kuan (HK)"), liquidators and Zhuhai Guoyuan have entered into the debt restructuring agreement, and the debt restructuring proposal has been progressing steadily in accordance with the debt restructuring agreement. In November 2007, the High Court of Hong Kong granted a permanent stay on the proceedings of liquidations on of Zhu Kuan Macau and Zhu Kuan HK (please refer to note 2.1 to the financial statements and the announcement of the Company of 7 November 2007 for details).

Liquidity and Financial Resources

The Group generally finances its operations with internally generated cashflow and banking facilities provided by its principal bankers in Mainland China (the "PRC"). As at 31 December 2007, the Group has no outstanding banking borrowings (31 December 2006: Nil). The Group's cash and bank balances and short term bank deposits as at 31 December 2007 amounted to approximately HK$345.1 million (31 December 2006: HK$208.4 million), of which approximately HK$300.2 million (31 December 2006: HK$114.2 million) were denominated in RMB and the remaining were all in Hong Kong dollars. In addition, the Group held short term investments in financial instruments of approximately HK$128.0 million as at 31 December 2007 (31 December 2006: HK$120.5 million), of which approximately HK$116.9 million (31 December 2006: HK$120.5 million) were denominated in RMB. The short term financial instruments comprised mainly investment in certain short term investment funds and some listed securities in Mainland China and Hong Kong with a view to enhance the Group's return on the surplus working capital. Since the Group has no outstanding banking borrowings as at 31 December 2007 and 31 December 2006 respectively, and based on the total bank borrowings in relation to shareholders' fund, the Group's gearing ratio as at 31 December 2007 and 31 December 2006 respectively was zero.

Number and Remuneration of Employees

At the year end, the Group had approximately 1,516 employees. Remuneration of employees is determined and reviewed annually with reference to the market standard, individual performance and working experience, and certain staff is entitled to commission and share options. In addition to the basic salaries, the Group also provides, depending on the results of the Group and individual performance, staff benefits including discretionary bonus, contributory provident fund or mandatory provident fund, and professional tuition/training subsidies in order to retain quality employees.

Contingent Liabilities

As at 31 December 2007, the Group had no significant contingent liabilities.

Future Plans for Material Investments or Capital Assets

As at 31 December 2007, the Group had no future plans for material investments or capital assets, saved for those disclosed under the heading "Management Discussion and Analysis — Prospects".

Foreign Exchange Exposure

Most of the businesses of the Group are operated in Mainland China, and the principal revenues and costs were denominated in RMB or Hong Kong Dollars. Therefore, the management believes that there is no need for the Group to make use of financial instruments for hedging purposes.

As the assets and liabilities of the Group are mostly in RMB, the management considers that no significant exposure to foreign exchange exists.

Capital Structure

On 4 April 2006, the Company placed 159,800,000 warrants of HK0.55 cent each to certain independent institutional or private investors. Each warrant carries the right to subscribe for one ordinary share of HK$0.10 each in the Company at a subscription price of HK$0.55 per share from the date of issue to 3 April 2007.

The net proceeds of approximately HK$85.6 million, upon full exercise of the subscription rights attaching to the 159,800,000 warrants, will be utilised by the Group for overhaul and medium repair and maintenance and overall planning of the tourist attractions and hotel facilities of the Group.

During the year, 19,620,000 ordinary shares of HK$0.10 each were issued pursuant to the exercise of the Company's warrants for a total cash consideration, before issue expenses, of approximately HK$10.8 million. As at 31 December 2007, all warrants issued in April 2006 were fully exercised. Out of the total raised net proceeds, approximately HK$13.3 million were utilised and the remaining unutilised sums were principally placed as cash at bank, short-term funds and listed securities temporarily.

As at 31 December 2007, the number of issued ordinary shares was 1,118,600,000 shares in aggregate and the shareholders' equity of the Group was approximately HK$1,222 million.

Material Investments Held, Significant Acquisitions and Disposals

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

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. All directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the year ended 31 December 2007.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the corporate governance report (the "CG Report") which was published in our Annual Report 2006 dated 23 April 2007, it was reported that the Company had complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules (the "CG Code") save for certain deviations specified and explained therein. Since the beginning of the year under review, the Group has made the following changes in respect of such deviations:

1. Under Code Provision B.1.4 and C.3.4, the Company should make available the terms of reference of the Remuneration Committee and the Audit Committee respectively on request and by including the information on the Company's website. The Company has deviated from this provision as the Company did not have its own website and therefore cannot put such information on the Company's websites. During the year, the Company has finally set up its own website and posted the terms of reference of the aforesaid two Committees on its website.

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

Save as disclosed above, the Company had complied with the code provisions set out in the CG Code during the year ended 31 December 2007.

DIVIDEND

The directors recommend the payment of a final dividend of HK2 cents per share (eight months ended 31 December 2006: HK1 cent per share). The final dividend will be paid to the shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 27 May 2008. Subject to the approval of the Company's shareholders at the forthcoming annual general meeting, the final dividend will be paid on or around 12 June 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 21 May 2008 to Tuesday, 27 May 2008 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for entitlement to the proposed final dividend and to ascertain the right to attend the Company's annual general meeting, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Branch Share Registrar, Tricor Tengis Limited at 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 20 May 2008.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the CG Code for the purpose of reviewing and providing supervision over the financial reporting process and internal controls of the Group. The audit committee comprises the three independent non-executive directors and the non-executive director of the Company. The final results of the Company for the year ended 31 December 2007 has been reviewed by the audit committee.

PUBLICATION OF FINANCIAL INFORMATION

The Company's 2007 annual report will be published on the Stock Exchange's website at http://www.hkex.com.hk and the Company's website at www.0908.hk as soon as possible and despatched to the shareholders on or before 30 April 2008.

By Order of the Board
Zhu Lifu
Chairman

Hong Kong, 21 April 2008

As at the date of this announcement, the Board of the Company consists of Mr. Zhu Lifu, Mr. Gu Zengcai, Mr. Huang Xin, Mr. Jin Tao, Mr. Yu Huaguo and Mr. Wu Hanqiu as Executive Directors, Mr. Liang Han as Non-Executive Director, and Mr. Hui Chiu Chung, Stephen, Mr. Chu Yu Lin, David and Mr. Albert Ho as Independent Non-Executive Directors.