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**China Golden Development Holdings Limited**  
**中國金展控股有限公司\***  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 162)**

**INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2010**

**INTERIM RESULTS**

The board of directors (the “Board”) of China Golden Development Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2010 together with comparative figures for the corresponding period in 2009. The result is stated as follows:

**CONDENSED CONSOLIDATED INCOME STATEMENT**

*For the six months ended 30 June 2010*

	Note	(Unaudited)	
		Six months ended 30 June	
		2010	2009
		HK\$'000	HK\$'000
			(Re-presented)
<b>Turnover</b>	3	<b>325,252</b>	264,833
Cost of sales		<u>(93,733)</u>	<u>(80,666)</u>
<b>Gross profit</b>		<b>231,519</b>	184,167
Other revenue and income		<b>42,082</b>	42,031
Selling and distribution expenses		<b>(25,034)</b>	(18,863)
General and administrative expenses		<b>(137,116)</b>	(126,626)
Equity settled share-based payment expense for share options granted	4	<b>(106)</b>	(1,276)
Loss on partial redemption of convertible bonds	11	<b>(4,760)</b>	–
<b>Operating profit</b>		<b>106,585</b>	79,433
Finance costs	5(a)	<b>(69,351)</b>	(70,017)
Profit before taxation	5	<b>37,234</b>	9,416
Income tax	6	<b>(25,645)</b>	(19,746)
<b>Profit/(loss) for the period</b>		<b><u>11,589</u></b>	<b><u>(10,330)</u></b>

\* For identification purpose only

		<b>(Unaudited)</b>	
		<b>Six months ended 30 June</b>	
		<b>2010</b>	<b>2009</b>
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
			(Re-presented)
<b>Attributable to:</b>			
– Equity shareholders of the Company		<b>(1,097)</b>	(20,127)
– Non-controlling interests		<b>12,686</b>	9,797
		<u>          </u>	<u>          </u>
<b>Profit/(loss) for the period</b>		<b>11,589</b>	(10,330)
		<u>          </u>	<u>          </u>
		<i>HK cents</i>	<i>HK cents</i>
<b>Loss per share</b>			
– Basic	7	<b>(0.06)</b>	(1.74)
		<u>          </u>	<u>          </u>
– Diluted		<b>N/A</b>	N/A
		<u>          </u>	<u>          </u>

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

	(Unaudited)	
	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
<b>Profit/(loss) for the period</b>	<b>11,589</b>	(10,330)
<b>Other comprehensive income/(expense)</b>		
Exchange differences on translation of financial statements of overseas subsidiaries	<u>4,715</u>	<u>(726)</u>
<b>Total comprehensive income/(loss) for the period</b>	<b><u>16,304</u></b>	<b><u>(11,056)</u></b>
<b>Attributable to:</b>		
– Equity shareholders of the Company	<b>3,618</b>	(20,853)
– Non-controlling interests	<u>12,686</u>	<u>9,797</u>
<b>Total comprehensive income/(loss) for the period</b>	<b><u>16,304</u></b>	<b><u>(11,056)</u></b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2010

		(Unaudited) At 30 June 2010 <i>HK\$'000</i>	(Audited) At 31 December 2009 HK\$'000
<b>Non-current assets</b>			
Fixed assets		161,448	157,641
Goodwill		226,579	226,579
Loan and other receivables		1,397,976	1,393,789
Deferred tax assets		3,395	3,368
		<u>1,789,398</u>	<u>1,781,377</u>
<b>Current assets</b>			
Inventories		29,615	27,293
Trade and other receivables	9	64,232	71,851
Loan receivables		4,013	8,982
Amounts due from related companies		–	250
Amount due from a director		39	–
Cash and cash equivalents		58,542	88,505
		<u>156,441</u>	<u>196,881</u>
<b>Current liabilities</b>			
Trade and other payables	10	865,292	923,355
Amounts due to related companies		15,494	47,674
Amount due to a director		–	135
Bank and other loans		202,283	267,341
Current taxation		22,179	7,289
		<u>1,105,248</u>	<u>1,245,794</u>
<b>Net current liabilities</b>		<u>(948,807)</u>	<u>(1,048,913)</u>
<b>Total assets less current liabilities</b>		<u>840,591</u>	<u>732,464</u>
<b>Non-current liabilities</b>			
Convertible bonds	11	800,732	767,427
<b>NET ASSETS/(LIABILITIES)</b>		<u><u>39,859</u></u>	<u><u>(34,963)</u></u>

		(Unaudited) At 30 June 2010 <i>HK\$'000</i>	(Audited) At 31 December 2009 HK\$'000
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>12</i>	<b>175,236</b>	116,824
Reserves		<u><b>(233,715)</b></u>	<u>(237,439)</u>
<b>Total deficit attributable to equity shareholders of the Company</b>		<b>(58,479)</b>	(120,615)
<b>Non-controlling interests</b>		<u><b>98,338</b></u>	<u>85,652</u>
<b>TOTAL EQUITY/(DEFICIT)</b>		<u><b>39,859</b></u>	<u>(34,963)</u>

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 EMPHASIS OF MATTER

Without qualifying in the conclusion of the independent auditor's review report, the auditor draws attention to condensed consolidated interim financial information which indicates that the Group incurred a consolidated net loss attributable to the equity shareholders of the Company of approximately HK\$1,097,000 for the six months ended 30 June 2010 and had consolidated net current liabilities of approximately HK\$948,807,000 as at 30 June 2010. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. 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 is actively discussing obtaining new working capital from prospective investors;
- (ii) the Company's substantial shareholder has agreed to provide such financial support as is necessary to enable the Group to meet its liabilities as they fall due; and
- (iii) based on a cash flow forecast prepared by Group management for the twelve months ending 30 June 2011, the Group will be able to generate adequate cash flows from its continuing operations.

In addition, reported in note 9(b) to the condensed consolidated interim financial information, the Group has prepaid HK\$13,911,000 in output Value-Added Tax in respect of customer's gift cards sold in 2007 and 2008. The Group has been negotiating with the local PRC Tax Bureau as to when the prepaid output VAT can be used to offset the output VAT derived from the sale of goods in future. The recoverability of this amount is dependent on the outcome of the negotiations.

## 2 PRINCIPAL ACCOUNTING POLICIES

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").

### 3 TURNOVER AND SEGMENT REPORTING

The Group is principally engaged in the operation of department stores in the People's Republic of China (the "PRC").

Turnover represents 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 period, and is analysed as follows:

	(Unaudited)	
	Six months ended 30 June	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Re-presented)
Sales of goods – direct sales	115,501	99,976
Commission from concessionaire sales ( <i>note</i> )	194,809	151,628
Rental income	<u>14,942</u>	<u>13,229</u>
	<u><b>325,252</b></u>	<u><b>264,833</b></u>

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

	(Unaudited)	
	Six months ended 30 June	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gross proceeds from concessionaire sales	<u>1,093,646</u>	<u>840,932</u>
Commission from concessionaire sales	<u><b>194,809</b></u>	<u><b>151,628</b></u>

The Group's revenue and profit for the six months ended 30 June 2010 are mainly derived from the operation of department stores 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 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 2010.

#### 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.

The 18,638,000 share options outstanding at 1 January 2010 lapsed on 15 January 2010.

No options were exercised or granted during the six months ended 30 June 2010 (six months ended 30 June 2009: Nil).

#### 5 PROFIT BEFORE TAXATION

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

	(Unaudited)	
	Six months ended 30 June	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Re-presented)
(a) Finance costs		
Bank charges	133	82
Credit card expenses	9,738	7,189
	<u>9,871</u>	<u>7,271</u>
Finance charges on obligations under finance leases	–	19
Interest on bank loans wholly repayable within five years	5,083	12,624
Interest on convertible bonds ( <i>note 11</i> )	54,397	50,103
	<u>59,480</u>	<u>62,746</u>
	<u><u>69,351</u></u>	<u><u>70,017</u></u>



(Unaudited)  
**Six months ended 30 June**  
**2010**                      2009  
**HK\$'000**                      **HK\$'000**  
(Re-presented)

**(b) Other items**

Auditors' remuneration	<b>315</b>	280
Cost of inventories sold	<b>93,733</b>	80,666
Depreciation	<b>11,793</b>	8,140
Exchange losses	<b>207</b>	68
Interest income	<b>(26,396)</b>	(26,069)
Loss on disposal of fixed assets	<b>1,003</b>	193
Loss on partial redemption of convertible bonds ( <i>note 11</i> )	<b>4,760</b>	–
Operating lease charges: minimum lease payments		
– hire of land and buildings	<b>60,957</b>	65,167
– hire of motor vehicles	<b>821</b>	818
Rental income from sub-letting of properties:		
– minimum lease payments #	<b>(11,580)</b>	(10,052)
– contingent lease payments *	<b>(3,362)</b>	(3,177)
	<b><u>                    </u></b>	<b><u>                    </u></b>

# *Minimum lease payments of the Group include rentals for the lease agreements with pre-determined lease payments and minimum guaranteed lease payments for lease agreements with contingent rentals.*

\* *Contingent lease payments are calculated based on a percentage of relevant performance of the tenants pursuant to the lease agreements.*

## 6 INCOME TAX IN THE CONDENSED CONSOLIDATED INCOME STATEMENT

Taxation in the condensed consolidated income statement represents:

	<b>(Unaudited)</b>	
	<b>Six months ended 30 June</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Current tax – Hong Kong Profits Tax</b>	<u>–</u>	<u>–</u>
<b>Current tax – PRC Enterprise Income Tax</b>		
Provision for the period	<b>26,049</b>	17,823
(Over)/under-provision in respect of prior periods	<u><b>(404)</b></u>	<u>1,923</u>
	<b>25,645</b>	19,746
<b>Deferred tax</b>		
Origination of temporary differences	<u>–</u>	<u>–</u>
	<u><b>25,645</b></u>	<u>19,746</u>

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.

## 7 LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of HK\$1,097,000 (six months ended 30 June 2009: HK\$20,127,000) and the weighted average number of 1,691,045,000 ordinary shares (six months ended 30 June 2009: 1,158,241,000 ordinary shares) in issue during the period, calculated as follows:

Weighted average number of ordinary shares:

	(Unaudited)	
	Six months ended 30 June	
	2010	2009
	'000	'000
Issued ordinary shares at 1 January	1,168,241	1,158,241
Effect of open offer	<u>522,804</u>	<u>–</u>
Weighted average number of ordinary shares at 30 June	<u><u>1,691,045</u></u>	<u><u>1,158,241</u></u>

### (b) Diluted loss per share

The calculation of diluted loss per share is based on the following data:

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

	(Unaudited)	
	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Loss attributable to ordinary equity shareholders	(1,097)	(20,127)
After tax effect of effective interest on the liability component of convertible bonds	<u>45,421</u>	<u>41,836</u>
Profit attributable to ordinary equity shareholders (diluted)	<u><u>44,324</u></u>	<u><u>21,709</u></u>

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

	(Unaudited)	
	Six months ended 30 June	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Weighted average number of ordinary shares at 30 June	1,691,045	1,158,241
Effect of conversion of convertible bonds	–	–
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	–	–
Effect of exercise of warrants	–	–
	<hr/>	<hr/>
Weighted average number of ordinary shares at 30 June (diluted)	<u>1,691,045</u>	<u>1,158,241</u>

The exercise of the outstanding warrants has no dilutive effect for the six months ended 30 June 2010 because the exercise price of the Company's warrants were higher than the average market price of the shares during the period.

The Company's share options were expired during the period.

The convertible bonds have no dilutive effect for the six months ended 30 June 2010.

## 8 DIVIDENDS

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2010 (six months ended 30 June 2009: HK\$nil).

## 9 TRADE AND OTHER RECEIVABLES

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

	(Unaudited)	(Audited)
	At	At
	30 June	31 December
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	2,842	7,038
31-60 days	278	402
61-90 days	132	745
Over 90 days	<u>1,321</u>	<u>319</u>
Trade receivables, net of allowance for impairment loss <i>(note 9(a))</i>	4,573	8,504
Deposits and prepayments	11,695	13,654
Other receivables	7,406	7,103
Value-added tax recoverable <i>(note 9(b))</i>	<u>40,558</u>	<u>42,590</u>
	<u><b>64,232</b></u>	<u><b>71,851</b></u>

- (a) The Group's retail sales to customers are mainly on a cash basis, by 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.
- (b) Included in the value-added tax recoverable is an amount of HK\$13,911,000 (31 December 2009: HK\$14,938,000) which the Group has prepaid, as requested by the local PRC Tax Bureau, in respect of customer's gift cards sold in 2007 and 2008. The Group has been negotiating with the PRC Tax Bureau as to when the prepaid VAT can be used to offset or settle the output VAT derived from the sale of goods in future.

## 10 TRADE AND OTHER PAYABLES

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

	(Unaudited)	(Audited)
	At	At
	30 June	31 December
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Re-presented)
0-30 days	7,590	16,103
31-90 days	4,421	4,224
Over 90 days	1,028	1,360
	<hr/>	<hr/>
Total trade payables	13,039	21,687
Advances and deposits from staff	6,453	5,313
Concessionaire sales payable	241,421	238,694
Customers' deposits and gift cards	287,938	360,486
Deposits from suppliers and tenants	1,842	2,129
Dividend payable	5,219	5,188
Other payables and accruals	296,265	268,013
Other tax payables	1,384	1,594
Payroll and welfare payables	10,921	18,628
Renovation retention	810	1,623
	<hr/>	<hr/>
	<b>865,292</b>	<b>923,355</b>
	<hr/> <hr/>	<hr/> <hr/>

## 11 CONVERTIBLE BONDS

The carrying values of the derivative component and liability component of the convertible bonds at 30 June 2010 are as follows:

	<b>Liability component</b>	<b>Derivative component</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 31 December 2009 and 1 January 2010	715,345	52,082	767,427
Interest expense ( <i>note 5(a)</i> )	54,397	–	54,397
Interest paid	(9,984)	–	(9,984)
Partial redemption by offset against subscription under open offer	<u>(10,359)</u>	<u>(749)</u>	<u>(11,108)</u>
At 30 June 2010	<u><u>749,399</u></u>	<u><u>51,333</u></u>	<u><u>800,732</u></u>

On 18 January 2010, convertible bonds in a principal amount of HK\$15,873,000 was used to set off against the subscription amount of HK\$15,873,000 under the open offer, recognising a loss on partial redemption of convertible bonds of HK\$4,760,000 for the six months ended 30 June 2010.

No conversion of the convertible bonds occurred during the period.

## 12 SHARE CAPITAL

### Authorised and issued share capital

	(Unaudited)		(Audited)	
	At 30 June 2010		At 31 December 2009	
	No. of shares	<i>HK\$'000</i>	No. of shares	<i>HK\$'000</i>
	<i>'000</i>	<i>HK\$'000</i>	<i>'000</i>	<i>HK\$'000</i>
Authorised:				
Ordinary shares of HK\$0.1 each	<u><u>20,000,000</u></u>	<u><u>2,000,000</u></u>	<u><u>20,000,000</u></u>	<u><u>2,000,000</u></u>
Ordinary shares, issued and fully paid:				
At 30 June 2010/31 December 2009	<u><u>1,752,361</u></u>	<u><u>175,236</u></u>	<u><u>1,168,241</u></u>	<u><u>116,824</u></u>

On 20 January 2010, the company allotted and issued 584,120,426 ordinary shares with par value of HK\$0.1 each at a subscription price of HK\$0.1 per share on the basis of one share for every two shares in an open offer.

## 13 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation.

## 14. NON-ADJUSTING SUBSEQUENT EVENTS

Save as disclosed elsewhere in the interim financial report, no significant events took place subsequent to 30 June 2010.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Results

Benefited from the PRC economy moderate growth and by leveraging our team's continuous efforts and appropriate development strategies, during the period under review, the Group achieved remarkable business growth.

- i) The turnover of the Group for the six months ended 30 June 2010 increased to HK\$325 million compared to HK\$265 million for the last period, representing an increase of 23%;
- ii) The gross profit of the Group increased to HK\$232 million compared to HK\$184 million of the last period. The gross profit margin of the Group for the six months ended 30 June 2010 improved to 71.2% from 69.5% of the same period last year due to the improvement of sales mix;
- iii) The Group's operating profit for first half of 2010 was HK\$107 million, increased by 35% from HK\$79 million in the same period of 2009;
- iv) The finance costs of the Group slightly decreased to HK\$69 million compared to HK\$70 million of the last period due to less bank loans outstanding; and
- v) The Group's profit for the first half of 2010 and net consolidated loss attributable to equity shareholders of the Company were HK\$12 million (2009: Loss of HK\$10 million) and HK\$1 million (2009: Loss of HK\$20 million) respectively.



## **Future Plan and Prospect**

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

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.

From the continuous effort of the management to improve its operations and promotion of corporate governance, the Group had successfully signed a Memorandum of Understanding with an investment fund – Hony Capital as a strategic investor on 20 February 2010. The Company is now conducting further negotiations.

Hony Capital is an investment fund which is structured as an exempted limited partnership established in the Cayman Islands. Based on the limited partnership interests of Hony Capital, Legend Holdings Limited, the controlling shareholder of Lenovo Group Limited (Stock Code: 992), via its wholly-owned subsidiary, Right Lane Limited, is the single largest investor in Hony Capital, with a holding of approximately 14.3% of the value of the fund. In addition to Legend Holdings Limited, Hony Capital has 77 other investors with interests ranging from 0.02% to 7.15% of the value of the fund.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2010, net current liabilities and total assets less current liabilities of the Group amounted to approximately HK\$949 million (31 December 2009: HK\$1,049 million) and approximately HK\$841 million (31 December 2009: HK\$732 million) respectively. As at 30 June 2010, the Group had cash and bank balances amounting to approximately HK\$59 million (31 December 2009: HK\$89 million). The current ratio of the Group as at 30 June 2010 was 0.14 (31 December 2009: 0.16).

The gearing ratio, being the bank and other loans divided by the shareholders' equity, as at 30 June 2010, was nil (31 December 2009: nil).

## **HUMAN RESOURCES**

As at 30 June 2010, the Group employed approximately 1,000 full time employees including management and administrative staff. Most of the employees are employed in the PRC. The employees' remuneration, promotion and salary increments are assessed based on both individual's and Company's performance, professional and working experience and by reference to prevailing market practice and standards. Apart from the general remuneration package, the Group also granted share options and discretionary bonus to the eligible staff based on their performance and contribution to the Group. The Group regards quality staff as one of the key factors to corporate success.

## **FOREIGN EXCHANGE EXPOSURE**

During the six months ended 30 June 2010, the Group's operation of department stores earned revenue and incurred costs in Renminbi. Renminbi was relatively stable during the period. The directors considered that the Group's exposure to fluctuation in foreign exchange rate was minimal, and accordingly, the Group did not employ any financial instruments for hedging purpose.

## **CONTINGENT LIABILITIES**

Please refer to note 18 – Contingent Liabilities in the interim financial report.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2010.

## **CORPORATE GOVERNANCE**

The Board considers that the Company has complied throughout the six months ended 30 June 2010 with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules, except for certain deviations. The corporate governance of the Company for the period is stated as follows:

### **Board of Directors**

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the period from 8 March 2010 to 30 June 2010 (the "Relevant Period"), the Company did not have chairman or deputy chairman of the Board.

During the Relevant Period, the Board, with the assistance of the chief executive officer and other senior management of the Group, was responsible for overseeing the management of the Board and the day-to-day management of the business of the Group. The Board considers that such arrangements enable the Group to operate effectively and ensure a balance of power and authority. The Board is in the process of identifying appropriate personnel and will fill the vacancy of the chairman and/or deputy chairman of the Board as soon as practicable.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. None of the existing Independent Non-executive Directors of the Company is appointed for a specific term. However, all the directors (Executive and Independent Non-executive) are subject to retirement at least once every three years under Bye-Law 87(1) of the Bye-Laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

### **Nomination Committee**

No nomination committee is currently in place but Executive Directors usually consult Independent Non-executive Directors on nominations to the Board.

### **Remuneration Committee**

The remuneration committee is responsible for reviewing the remuneration packages of Executive Director and Senior Management, including bonuses and options granted under the Share Option Scheme, to ensure that such remuneration is reasonable and not excessive. The committee shall consist of not less than 2 members. Currently, the remuneration committee consists of three Independent Non-executive Directors: Mr. Chan Wai Kwong, Peter, Mr. Fu Wing Kwok, Ewing and Mr. Tsang Kwok Wai.

### **Audit Committee**

The primary objective of the audit committee is to review the financial reporting process of the Group and its internal control system, oversee the audit process and to perform other duties assigned by the Board and make recommendations to the Company to improve the quality of financial information to be disclosed. The audit committee shall consist of not less than 3 members. Currently, the audit committee consists of three Independent Non-executive Directors: Mr. Fu Wing Kwok, Ewing, Mr. Chan Wai Kwong, Peter and Mr. Tsang Kwok Wai and two Executive Directors, Mr. Sha Yingjie and Ms. Lu Xiaoling.

The audit committee has reviewed with management and Baker Tilly Hong Kong Limited the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim results for the six months ended 30 June 2010.

## **MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS**

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all the directors, all the directors confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2010.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the directors, the directors confirmed that the Company has maintained the amounts of public float as required under the Listing Rules throughout the six months ended 30 June 2010.

## **APPRECIATION**

I would like to express my deep thanks to my fellow directors and all employees for their valuable contribution. I and on behalf of the Board would also like to extend my sincere thanks to our shareholders, customers, suppliers, bankers and business associates for their continued strong support.

On behalf of the Board  
**China Golden Development Holdings Limited**  
**Choon Hoi Kit, Edwin**  
*Chief Executive Officer*

Hong Kong, 27 August 2010

*As at the date of this announcement, the Board comprises of five executive directors, namely Mr. Choon Hoi Kit, Edwin, Mr. Qu Jiaqi, Mr. Li Haogang, Mr. Sha Yingjie and Ms. Lu Xiaoling, and three independent non-executive directors, namely Mr. Chan Wai Kwong, Peter, Mr. Fu Wing Kwok, Ewing and Mr. Tsang Kwok Wai.*