CHINA GOLDEN DEVELOPMENT HOLDINGS LIMITED
中國金展控股有限公司*

(incorporated in Bermuda with limited liability)
(Stock Code: 162)

ANNUAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2007

The directors (the "Directors") of China Golden Development Holdings Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31st December 2007, together with the comparative figures for the previous financial period as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

Continuing operations :-	*Note*	***Year ended 31.12.2007 HK$'000***	*Period from 1.7.2005 to 31.12.2006 HK$'000*
Turnover	4	**429,957**	108,763
Cost of sales		**(346,805)**	(86,087)
Gross profit		**83,152**	22,676
Other revenue		**9,662**	868
Selling and distribution expenses		**(19,274)**	(2,639)
General and administrative expenses		**(60,495)**	(40,171)
Profit/(loss) from operations		**13,045**	(19,266)
Finance costs	5	**(2,289)**	(3,384)
Profit/(loss) before income tax	6	**10,756**	(22,650)
Income tax expense	7	**(5,426)**	(1,051)
Profit/(loss) for the year/period from continuing operations		**5,330**	(23,701)
Discontinued operations :-			
Profit/(loss) for the year/period from discontinued operations	3	**-**	(152,495)
Profit/(loss) for the year/period		**5,330**	(176,196)
Attributable to :			
- Shareholders of the Company		**5,330**	(151,202)
- Minority interests		**-**	(24,994)
		5,330	(176,196)
Basic earnings/(loss) per share (HK cents)	9		
- From continuing and discontinued operations		**0.94**	(33.88)
- From continuing operations		**0.94**	(5.31)
- From discontinued operations		**N/A**	(28.57)
Diluted earnings/(loss)per share (HK cents)	9		
- From continuing and discontinued operations		**0.89**	N/A
- From continuing operations		**0.89**	N/A
- From discontinued operations		**N/A**	N/A

**for identification purpose only*

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31st December 2007

	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS		
Property, plant and equipment	**63,836**	38,052
Loan receivables	**10,000**	20,000
Deposit paid for acquisition of subsidiaries	**17,160**	-
Goodwill	**-**	-
Intangible assets	**15,578**	16,559
	106,574	74,611
CURRENT ASSETS		
Inventories	**7,606**	3,014
Loan receivables	**20,367**	10,000
Prepayments and other receivables	**29,252**	4,201
Amounts due from related companies	**60,006**	13,364
Amount due from a shareholder	**-**	5,000
Unpledged time deposits	**100,000**	-
Cash and bank balances	**138,115**	17,696
	355,346	53,275
CURRENT LIABILITIES		
Trade payables	**66,601**	21,431
Accruals and other payables	**30,094**	19,168
Unsecured bank loan	**1,059**	-
Promissory note	**2,480**	-
Tax payable	**3,845**	1,051
	104,079	41,650
NET CURRENT ASSETS	**251,267**	11,625
TOTAL ASSETS LESS CURRENT LIABILITIES	**357,841**	86,236
NON-CURRENT LIABILITIES		
Convertible bond	**-**	8,516
Promissory note	**-**	12,807
	-	21,323
NET ASSETS	**357,841**	64,913
CAPITAL AND RESERVES		
Share capital (Note 10)	**94,842**	49,106
Reserves	**262,999**	15,807
TOTAL EQUITY	**357,841**	64,913

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

China Golden Development Holdings Limited (the "Company") was incorporated in Bermuda on 8th August 2000 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The Company is an investment holding company. The principal activities of the Group are set out in note 13 hereinbelow.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which also includes Hong Kong Accounting Standards ("HKAS") and Interpretations approved by the HKICPA, and are prepared under the historical cost convention.

3. DISCONTINUED OPERATIONS

On 25th September 2006, the Company entered into a sale and purchase agreement with a third party to dispose of its entire 100% direct equity interest in All Chance Resources Limited, and entire 100% indirect equity interest in Best Paradise Assets Limited ("Best Paradise"), China Golden Fountain Limited and Ming Fai Princess Entertainment Limited ("Ming Fai") and entire 51% indirect equity interest in Pacific Cruises (Hainan) Limited ("Pacific Cruises") (collectively known as the "Disposed Group") at a total consideration of HK$18,000,000. The Disposed Group is principally engaged in the provision of cruise and cruise-related business.

The loss for the year/period from the discontinued operations is analysed as follows :-

	Year ended 31.12.2007 HK$'000	*Period from 1.7.2005 to 31.12.2006 HK$'000*
Loss of cruise and cruise-related business operation for the year/period	-	(108,612)
Loss on disposal of cruise and cruise-related business operation	-	(43,883)
	-	(152,495)

The results of the discontinued operations are as follows :-

	Year ended 31.12.2007 HK$'000	*Period from 1.7.2005 to 31.12.2006 HK$'000*
Turnover	-	15,000
Cost of sales	-	(13,540)
Gross profit	-	1,460
Other revenue	-	2,065
Impairment loss of property, plant and equipment	-	(108,775)
General and administrative expenses	-	(3,362)
Loss before income tax	-	(108,612)
Income tax expense	-	-
Loss for the year/period from discontinued operations	-	(108,612)
Attributable to :		
Shareholders of the Company	-	(83,618)
Minority interests	-	(24,994)
	-	(108,612)

4. TURNOVER AND REVENUE

Turnover of continuing operations represents the invoiced value of goods sold less returns and discounts.

Turnover of discontinued operations represents cruise and cruise-related revenues comprise sales of passenger tickets and revenues from on-board services, licensing of amusement facilities, other related services, including food and beverages.

An analysis of the Group's turnover and other revenue is as follows :-

	Year ended 31.12.2007 HK$'000	*Period from 1.7.2005 to 31.12.2006 HK$'000*
Turnover		
- Continuing operations		
- Sales of goods - direct sales	**40,544**	13,952
- Gross proceeds from concessionaire sales - note	**379,711**	91,453
- Rental income	**7,395**	3,358
- Catering income	**2,307**	-
	429,957	108,763
- Discontinued operations	**-**	15,000
	429,957	123,763
Note : The commission from concessionaire sales are analysed as follows :-		
Gross proceeds from concessionaire sales	**379,711**	91,453
Net proceeds from concessionaire sales	**67,717**	17,371
Other revenue		
- Continuing operations		
- Interest income	**1,065**	99
- Guarantee profit	**4,327**	-
- Service fee income	**305**	228
- Exchange gain	**-**	63
- Waive of interest on convertible bond	**66**	-
- Others	**3,899**	478
	9,662	868
- Discontinued operations		
- Interest income	**-**	565
- Guaranteed pro rata entitlement recognised in respect of sharing of the net profits of the gaming facilities of the Cruise Ship	**-**	1,500
	-	2,065
	9,662	2,933

5. FINANCE COSTS

	Continuing operations		Discontinued operations		Consolidated	
	Year ended 31.12.2007	*Period from 1.7.2005 to 31.12.2006*	***Year ended 31.12.2007***	*Period from 1.7.2005 to 31.12.2006*	***Year ended 31.12.2007***	*Period from 1.7.2005 to 31.12.2006*
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Interest on borrowings wholly repayable within five years	**24**	2,040	-	-	**24**	2,040
Interest on convertible bond	**-**	66	-	-	**-**	66
Interest on promissory note	**100**	199	-	-	**100**	199
Bank charges	**2,165**	1,079	-	-	**2,165**	1,079
	2,289	3,384	-	-	**2,289**	3,384

6. PROFIT/(LOSS) BEFORE INCOME TAX

	Continuing operations		Discontinued operations		Consolidated	
	Year ended 31.12.2007	*Period from 1.7.2005 to 31.12.2006*	***Year ended 31.12.2007***	*Period from 1.7.2005 to 31.12.2006*	***Year ended 31.12.2007***	*Period from 1.7.2005 to 31.12.2006*
Profit/(loss) before income tax is arrived at after charging :-	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Auditor's remuneration	**615**	440	-	-	**615**	440
Staff costs, including directors' emoluments:-						
- Salaries and other staff costs	**22,788**	10,045	-	521	**22,788**	10,566
- Pension scheme contributions	**1,209**	529	-	4	**1,209**	533
- Equity settled share-based payment expense	**-**	3,336	-	-	**-**	3,336
	23,997	13,910	-	525	**23,997**	14,435
Depreciation	**3,788**	1,917	-	9,402	**3,788**	11,319
Impairment loss of property, plant and equipment	-	-	-	108,775	-	108,775
Goodwill impairment charge	-	1,711	-	2,802	-	4,513
Amortisation of intangible assets	**2,055**	1,333	-	-	**2,055**	1,333
Minimum lease payments under operating leases :-			-			
- Office premises	**14,034**	5,543	-	-	**14,034**	5,543
- Staff quarters included in staff costs as set out above	**132**	203	-	-	**132**	203
	14,166	5,746	-	-	**14,166**	5,746
Loss on disposal of property, plant and equipment	**669**	4	-	-	**669**	4
Provision for doubtful debts	-	300	-	-	-	300
Bad debts written off	**32**	-	-	-	**32**	-
Net exchange loss	**260**	-	-	-	**260**	-
and after crediting :-						
Interest income	**1,065**	99	-	565	**1,065**	664
Guaranteed pro rata entitlement recognised in respect of sharing of the net profits of the gaming facilities of the Cruise Ship	-	-	-	1,500	-	1,500
Guarantee profit	**4,327**	-	-	-	**4,327**	-
Net exchange gain	-	63	-	-	-	63

7. INCOME TAX EXPENSE

	Continuing operations		*Discontinued operations*		*Consolidated*	
	Year ended 31.12.2007	*Period from 1.7.2005 to 31.12.2006*	***Year ended 31.12.2007***	*Period from 1.7.2005 to 31.12.2006*	***Year ended 31.12.2007***	*Period from 1.7.2005 to 31.12.2006*
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Current tax :-						
Provision for the year/period	**4,939**	1,051	**-**	-	**4,939**	1,051
Under-provision in respect of previous year	**487**	-	**-**	-	**487**	-
	5,426	1,051	**-**	-	**5,426**	1,051

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.

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

The statutory PRC corporate income tax rate is 33%. The subsidiaries of the Group operated in the PRC are subject to PRC corporate 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 corporate income tax to 15% until 2010.

- Century Ginwa Urumqi Shopping Mall Company Limited ("Century Ginwa Urumqi") enjoys a preferential tax treatment as being a foreign investment enterprise located in the western region of PRC, incuding a reduction in PRC corporate income tax rate to 30%.

The statutory Hong Kong profits tax rate is 17.5% (2006 : 17.5%). No provision for Hong Kong profits tax has been made as the companies in the Group have no assessable profits for the year/period.

8. DIVIDENDS

The directors do not recommend the payment of dividends for the year ended 31st December 2007 (2006 : Nil).

9. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings per share for the year ended 31st December 2007 is based on the following data :-

Profit/(loss) :	***Year ended 31.12.2007 HK$'000***	*Period from 1.7.2005 to 31.12.2006 HK$'000*
(a) From continuing and discontinued operations		
Profit/(loss) for the year/period attributable to equity shareholders, used in the basic earnings/(loss) per share calculation	**5,330**	(151,202)
(b) From continuing operations		
Profit/(loss) for the year/period from continuing operations attributable to equity shareholders, used in the basic earnings/(loss) per share calculation	**5,330**	(23,701)
(c) From discontinued operations		
Loss for the year/period from discontinued operations attributable to equity shareholders, used in the basic loss per share calculation	**-**	(127,501)

Number of ordinary shares :-	***Year ended 31.12.2007***	*Period from 1.7.2005 to 31.12.2006*
Weighted average number of ordinary shares in issue during the year/period used in the basic earnings/(loss) per share calculation	**565,139,747**	446,253,759
Effect of dilutive potential ordinary shares :-		
Share options	**6,144,126**	-
Warrants	**18,009,921**	-
Convertible bond	**11,592,890**	-
Weighted average number of ordinary shares in issue during the year/period used in the diluted earnings/(loss) per share calculation	**600,886,684**	446,253,759

The exercise of the outstanding share options has no dilutive effect for the period ended 31st December 2006 because the exercise price of the Company's share options was higher than the average market price of the shares during the period.

The convertible bond has no dilutive effect for the period ended 31st December 2006.

10. CAPITAL AND RESERVES ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

(a) Share capital

	Note	*The Company* Number of ordinary shares of HK$0.1 each	*The Company* Amount HK$'000
Authorised :-			
As at 1st July 2005		1,000,000,000	100,000
Increase in authorised share capital		1,000,000,000	100,000
As at 31st December 2006 and 1st January 2007		2,000,000,000	200,000
Increase in authorised share capital	(i)	18,000,000,000	1,800,000
As at 31st December 2007		**20,000,000,000**	**2,000,000**
Issued and fully paid :-			
As at 1st July 2005		409,222,500	40,922
Issue of shares upon placing of shares		73,660,000	7,366
Issue of shares upon the exercise of share options		8,184,450	818
As at 31st December 2006 and 1st January 2007		491,066,950	49,106
Issue of shares upon the exercise of warrants	(ii)	12,550,000	1,255
Issue of shares upon placing of shares	(iii)	412,272,727	41,228
Issue of shares upon the exercise of share options	(iv)	16,000,000	1,600
Issue of shares upon the conversion of convertible bond	(v)	16,528,925	1,653
As at 31st December 2007		**948,418,602**	**94,842**

Notes :-

(i) Pursuant to a ordinary resolution passed on 10th August 2007, the authorised share capital of the Company was increased to HK$2,000,000,000 by the creation of an additional 18,000,000,000 ordinary shares of HK$0.1 each, ranking pari passu with the existing ordinary shares of the Company in all respects.

(ii) On 28th 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 29th June 2007, the date of issue, to 28th June 2009.

During the year ended 31st December 2007, an aggregate of 12,550,000 new shares of HK$0.1 each were issued for cash pursuant to the exercise of 12,550,000 warrants for a total cash consideration of approximately HK$5,983,000. The excess by the subscription price over the par value of the shares amounted to approximately HK$4,728,000 was credited to the share premium account of the Company.

At the balance sheet date, the Company had 91,398,156 warrants outstanding. The exercise in full of such warrants would, under the present capital structure of the Company, will result in the issue of 91,398,156 additional ordinary shares of the Company, including additional share capital and share premium of approximately HK$9,140,000 and HK$32,995,000 (before expenses) respectively.

10. CAPITAL AND RESERVES ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (CONT'D)

(iii) On 5th September 2007, 10th September 2007 and 26th November 2007, 49,100,000, 48,872,727 and 314,300,000 new shares of HK$0.1 each were issued at a premium of HK$0.45, HK$0.45 and HK$0.58 per share respectively upon the placing arrangement. The excess of the issue price over the par value of the shares amounted to approximately HK$215,818,000 (after expenses of approximately HK$10,564,000) was credited to the share premium account of the Company.

(iv) During the year ended 31st December 2007, 16,000,000 new shares of HK$0.1 each were allotted and issued at a premium of HK$0.35 per share upon the exercise of 16,000,000 share options granted under the share option scheme (the "Scheme"). The excess of the issue price over the par value of the shares amounted to approximately HK$5,600,000 was credited to the share premium account of the Company.

(v) On 14th September 2007, the convertible bond of principal amount of HK$10 million was converted into 16,528,925 ordinary shares of HK$0.1 each at the conversion price of HK$0.605. The excess of the conversion price over the par value of the shares amounted to approximately HK$8,347,000 was credited to the share premium account of the Company.

(b) Capital management

The Group's equity capital management objectives are to safeguard the Group's ability to continue as a going concern and to provide an adequate return to shareholders commensurately with the level of risk. To meet these objectives, the Group manages the equity capital structure and makes adjustments to it in the light of changes in economic conditions by paying dividends to shareholders, issuing new equity shares, and raising or repaying debts as appropriate.

11. CONNECTED AND RELATED PARTY TRANSACTIONS

(a) Particulars of significant transactions between the Group and related parties during the year/period are as follows :-

	Note	***Year ended 31.12.2007 HK$'000***	*Period from 1.7.2005 to 31.12.2006 HK$'000*
Rental expenses paid to Ginwa Hi-Tech	(i)	**6,164**	-
Repairs and maintenance fee paid to Ginwa Hi-Tech	(ii)	**308**	-

Notes :-

(i) The amount represented rental expenses paid for the Shopping Floors in respect of the Tenancy Agreements as mentioned hereinbelow.

(ii) Pursuant to a supplementary agreement entered into between Xian Century Ginwa and Ginwa Hi-Tech on 1st November 2007, Xian Century Ginwa agreed to pay a monthly repairs and maintenance fee of RMB150,000 for the Shopping Floors.

11. CONNECTED AND RELATED PARTY TRANSACTIONS (CONT'D)

(b) The details of connected transactions of the Group during the year/period under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") are as follows :-

(i) On 16th February 2006, the Company entered into a conditional sale and purchase agreement ("Acquisition Agreement") with Mr. Guo Qiang and Mr. Li Hao Gang, who were the vendors of Silver Light Group Limited ("SLGL"), in relation to the acquisition of the entire 100% equity interest of SLGL, its direct wholly-owned subsidiary, Century Ginwa Urumqi Shopping Mall (H.K.) Limited ("Ginwa HK") and its indirect wholly-owned subsidiary, Century Ginwa Urumqi (collectively known as the "Silver Light Group") at an aggregate consideration of HK$40 million, which will be satisfied with: (a) a HK$30 million promissory note which is interest bearing at 2% per annum and due and repayable two years after 4th May 2006 (the "Completion Date"); and (b) a HK$10 million convertible bond which is interest bearing at 1% per annum and to mature at the end of two years after the Completion Date and can be converted at a conversion price of HK$0.624 per share at any time following one year after the date of issue (the "Acquisition"). Century Ginwa Urumqi, an indirect wholly-owned subsidiary of SLGL, is principally engaged in the operation of "Century Ginwa" branded department store in Urumqi, the PRC. The vendors have given an irrevocable profit guarantee to the Company that the audited profit before income tax of Century Ginwa Urumqi for the financial years ending 31st December 2006 and 2007 in aggregate be not less than RMB14 million (RMB5 million for the first year and RMB9 million for the second year). The vendors will compensate by reducing the principal sum of the promissory note due from the Company on a dollar to dollar basis if the said profit in aggregate is less than RMB14 million. During the year ended 31st December 2007, guaranteed profit of approximately HK$4,327,000 (2006 : HK$2,193,000) was provided. As Mr. Wu Yijian, the Chairman of the Company, is the elder brother of Mr. Guo Qiang, Mr. Guo is deemed as a connected person of the Company under the Listing Rules and the Acquisition constituted a connected transaction for the Company under the Listing Rules. This connected transaction was approved in the SGM held on 12th April 2006. The Acquisition was completed on 4th May 2006.

(ii) On 10th November 2006, Xian Century Ginwa, the newly acquired wholly-owned subsidiary of the Group, 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 at the 1st to 4th floors of Shu Ma Da Sha of International Commercial Centre in Xian, the PRC ("Shopping Floors") 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. On the same date, Xian Century Ginwa also entered into Tenancy Agreement I with Ginwa Hi-Tech and Tenancy Agreement II with Century Ginwa for leasing the Shopping Floors for the operation of department store business both for a term of two years at an annual rentals of RMB4,000,000 and RMB5,000,000 respectively ("Tenancy Agreements"). After the completion, Xian Century Ginwa can start its department store business in Xian, the PRC. As Mr. Wu Yijian, the Chairman of the Company, is the president of Ginwa Investment and owns 60% of the registered capital of Ginwa Investment while Ginwa Investment owns about 93.75% and 76.43% of the registered capital of Ginwa Hi-Tech and Century Ginwa respectively. Hence, Mr. Wu Yijian, Ginwa Hi-Tech and Century Ginwa are thus connected persons of the Company under the Listing Rules. The transactions contemplated under the Assets Acquisition Agreement constituted a connected transaction under the Listing Rules and the Tenancy Agreements constituted continuing connected transaction for the Company under the Listing Rules. All these transactions were approved in the SGM held on 18th December 2006. Approval has been granted by the government authorities. The acquisition was completed on 10th May 2007.

(iii) On 25th September 2007, China Rich International Management Limited ("China Rich") entered into an acquisition agreement with Ginwa Investment in which China Rich agreed to acquire and Ginwa Investment agreed to dispose of 76.43% equity interest in Century Ginwa owned by Ginwa Investment at the consideration of RMB180,000,000 (equivalent to approximately HK$185,400,000) (the "CG Acquisition"). On the same date, the Company also entered into an agreement with 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 a convertible bond of HK$1,231,612,200 to Best Mineral upon completion of the CG Acquisition.

Upon completion of the acquisition agreement, Ginwa Investment shall be obliged to repay the Ginwa Loan to Century Ginwa within a period of five years commencing from 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.

Since Ginwa Investment is owned as to 60% by Mr. Wu, being an Executive Director, Ginwa Investment is a connected person of the Company. Therefore, the entering into of the acquisition agreement between Ginwa Investment and China Rich, a wholly-owned subsidiary of the Company, constitutes a non-exempted connected transaction. Best Mineral, became the substantial shareholder since November 2001, is an investment holding company which holds 149,100,000 shares. Best Mineral is beneficially owned as to 70% by Autogain Profits Limited, a company wholly-owned by Mr. Sean Liu, an ex-Director (resigned on 15th January 2006), and as to 30% by Igrand Profits Limited, a company wholly-owned by Mr. Wu. 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. These transactions were approved in the SGM held on 17th January 2008.

(c) Details of balances due from related parties are as follows :-

	2007	*2006*
	HK$'000	*HK$'000*
Current account with Century Ginwa	**59,201**	13,364
Refundable deposit receivable from BMRL	**-**	5,000
Current account with Ginwa Hi-Tech	**805**	-

11. CONNECTED AND RELATED PARTY TRANSACTIONS (CONT'D)

(d) Key management personnel compensation :-

	Year ended 31.12.2007 HK$'000	*Period from 1.7.2005 to 31.12.2006 HK$'000*
Salaries and other employee benefits	**3,040**	4,680
Retirement benefit costs	**28**	51
Employee share option benefits	**-**	489
	3,068	5,220

12. FINANCIAL RISK MANAGEMENT

The Group's policy is to prudently manage daily operations and invest surplus funds managed by the Group in a manner which satisfy liquidity requirements, safeguard financial assets, manage risks while optimising the returns. The Group's activities expose it to a variety of financial risks: including the effects of changes in foreign currency exchange rate risk, credit risk, liquidity risk, cash flow and fair value interest-rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Financial risk factors

(i) Foreign currency exchange rate risk

The Group operates shopping malsl in the PRC with all the transactions settled in Renminbi which is not freely convertible into other foreign currencies and the foreign currency exchange rate risk is limited. The Group has not used any means to hedge its exposure to foreign currency exchange rate risk.

(ii) Credit risk

The Group has no significant concentrations of credit risk as most of the transactions of the shopping mall are settled by cash.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet its liquidity requirements.

(iv) Cash flow and fair value interest rate risk

Other than the cash maintained to pay the creditors in a short period of time, the Group has no significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-rate risk arises from long-term borrowings. Convertible bond and promissory note issued at fixed rates expose the Group to fair value interest-rate risk. It is the policy of the Group to maintain sufficient cash flow for its borrowings in fixed rate instruments. Generally, the Group raises convertible long-term borrowings at fixed rates that are lower than those available if the Group borrowed directly at other rates. Under the convertible terms may convert whole or any part of the principal amount of the bond into new shares of the Company at an adjustable conversion price.

13. 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 :-

(a) Cruise and cruise-related business

The Group was previously principally engaged in the cruise and cruise-related business by operating a cruise ship known as "Ming Fai Princess" (the "Cruise Ship"). Prior to the entering into the licensing agreements on 26th May 2005 and 10th June 2005 (the "new licensing agreements"), the Group's turnover was generated from the operation of the Cruise Ship's tour covering Haikou in Hainan, the PRC, Beihai in Guangxi Province, the PRC and Halong Bay in Vietnam ("PRC-Vietnam route") which included licence fee received from Anglo View Limited (the "Licensee") pursuant to the licensing agreement entered between the Group and the Licensee in prior year (the "old licensing agreement") which has been expired on 31st March 2005.

Pursuant to the new licensing agreements entered between the Group and the Licensee, the Group has granted a license to the Licensee in respect of the operation of the Cruise Ship (including gaming facilities) as a whole for an initial term of 2 years commencing from 1st June 2005 to 31st May 2007 both days inclusive at a fixed license fee of HK$1,500,000 per month. In accordance with the terms of the new licensing agreements, the Cruise Ship ceased its PRC-Vietnam route and operated a new route in Hong Kong waters and the international waters nearby Hong Kong.

The cruise and cruise-related business was discontinued after the completion of the disposal of the Disposal Group.

(b) Operating of department stores

The Group is principally engaged in the operation of "Century Ginwa" branded department stores in Urumqi and Xian, the PRC.

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.

13. SEGMENT REPORTING (CONT'D)

(a) Business segments

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

	Continuing operation - Operation of department stores		*Discontinued operation - Cruise and cruise - related business*		*Others*		*Consolidated*	
	Year ended 31.12.2007 HK$'000	*Period from 1.7.2005 to 31.12.2006 HK$'000*	***Year ended 31.12.2007 HK$'000***	*Period from 1.7.2005 to 31.12.2006 HK$'000*	***Year ended 31.12.2007 HK$'000***	*Period from 1.7.2005 to 31.12.2006 HK$'000*	***Year ended 31.12.2007 HK$'000***	*Period from 1.7.2005 to 31.12.2006 HK$'000*
Revenue								
Revenue from external customers	**429,957**	108,763	**-**	15,000	**-**	-	**429,957**	123,763
Other revenue	**8,816**	734	**-**	2,065	**846**	134	**9,662**	2,933
Total revenue	**438,773**	109,497	**-**	17,065	**846**	134	**439,619**	126,696
Segment results	**18,702**	1,245	**-**	(109,177)	**(6,722)**	(20,610)	**11,980**	(128,542)
Interest income							**1,065**	664
Profit/(loss) from operations							**13,045**	(127,878)
Loss on disposal of subsidiaries							**-**	(43,883)
Finance costs							**(2,289)**	(3,384)
Profit/(loss) before income tax							**10,756**	(175,145)
Income tax expense							**(5,426)**	(1,051)
Profit/(loss) for the year/period							**5,330**	(176,196)
Attributable to :								
- Shareholders of the Company							**5,330**	(151,202)
- Minority interests							**-**	(24,994)
							5,330	(176,196)
Depreciation	**3,741**	1,812	**-**	9,402	**47**	105	**3,788**	11,319
Amortisation of intangible assets	**2,055**	1,333	**-**	-	**-**	-	**2,055**	1,333
Impairment loss of property, plant and equipment	**-**	-	**-**	108,775	**-**	-	**-**	108,775
Segment assets	**300,152**	88,323	**-**	-	**161,768**	39,563	**461,920**	127,886
Unallocated assets	**-**	-	**-**	-	**-**	-	**-**	-
Total assets	**300,152**	88,323	**-**	-	**161,768**	39,563	**461,920**	127,886
Segment liabilities	**93,250**	37,966	**-**	-	**4,504**	2,633	**97,754**	40,599
Unallocated liabilities	**3,845**	1,051	**-**	-	**2,480**	21,323	**6,325**	22,374
Total liabilities	**97,095**	39,017	**-**	-	**6,984**	23,956	**104,079**	62,973
Capital expenditure incurred during the year/period	**14,073**	431	**-**	-	**12**	51	**14,085**	482

(b) Geographical segments

	PRC		*Hong Kong*		*Consolidated*	
	Year ended 31.12.2007 HK$'000	*Period from 1.7.2005 to 31.12.2006 HK$'000*	***Year ended 31.12.2007 HK$'000***	*Period from 1.7.2005 to 31.12.2006 HK$'000*	***Year ended 31.12.2007 HK$'000***	*Period from 1.7.2005 to 31.12.2006 HK$'000*
Revenue from external customers	**429,957**	108,763	**-**	15,000	**429,957**	123,763
Other revenue	**4,386**	734	**5,276**	2,199	**9,662**	2,933
Total revenue	**434,343**	109,497	**5,276**	17,199	**439,619**	126,696
Segment assets	**250,042**	88,316	**211,878**	39,570	**461,920**	127,886
Capital expenditure incurred during the year/period	**14,073**	431	**12**	51	**14,085**	482

14. POST BALANCE SHEET EVENTS

(a) The transactions as mentioned in note 11(b)(iii) above were approved in the SGM held on 17th January 2008.

(b) On 20th December 2007, the Company entered into a conditional sale and purchase agreement with JRB Limited, an independent third party, in relation to the acquisition of 75% of the entire issued and fully paid share capital of Sycamore Asia Limited ("Sycamore") and a shareholder's loan of HK$13,690,000 due by Sycamore at an aggregate consideration of HK$13,200,000. Sycamore and its wholly-owned subsidiary, Standard Supplies Limited ("SSL"), were principally engaged in the business of trading, supplies and installation of carpet. Sycamore was incorporated in British Virgin Islands and SSL was incorporated in Hong Kong. The acquisition was completed on 18th January 2008.

(c) On 15th January 2008, 49,106,000 share options were granted at an exercise price of HK$0.74 per share. The exercise period is from 16th January 2008 to 15th January 2010.

(d) On 24th January 2008, China King Management Limited ("China King"), a wholly-owned subsidiary of the Company, entered into an agreement with Fortune Dragon Investments Limited ("Fortune Dragon"), an independent third party. By this agreement, a one-year loan of HK$21,000,000 was provided to Fortune Dragon with interest charged at the Hong Kong Dollar Prime Rate per annum. As security for the loan, 36,496,960 shares of Xi'an Commercial Bank were pledged by Xi'an City Ai Jia Mao Yi Company Limited to China King, as procured by Fortune Dragon according to the terms of the agreement.

(e) On 27th March 2008, China King entered into a Memorandum of Understanding with Adventure Corporate Service Limited ("Adventure"), an independent third party, for the sale and purchase of the entire 50% shareholding owned by Adventure in Amplewood International Limited, a company incorporated in British Virgin Islands, at a consideration of HK$21,000,000.

FINANCIAL RESULTS

This year the Group has one more department store in Xian since May 2007, hence:

i) The turnover of the Group for the twelve months ended 31st December 2007 increased to approximately HK$429.9 million compared to approximately HK$108.7 million for the last period, an increase of approximately 295.3%.

ii) The gross profit of the Group increased to approximately HK$83.1 million compared to approximately HK$22.6 million of the last period. The gross profit margin of the Group for the twelve months ended 31st December 2007 dropped slightly to approximately 19.3% from 20.8% of the last period due to higher product costs.

iii) The operating, general and administrative expenses increased to approximately HK$79.7 million compared to approximately HK$42.8 million of the last period.

The finance costs decreased by approximately 32.4% to approximately HK$2.3 million compared to approximately HK$3.4 million for the last period, as a result of less borrowing activities during the year.

Profit attributable to equity holders of the Company for the twelve months ended 31st December 2007 was recorded at approximately HK$5.3 million compared with the loss of approximately HK$151.2 million reported in the last period. The profit was a result of changing the mode of business from operating cruise ship to department stores business.

LIQUIDITY AND FINANCIAL RESOURCES
As at 31st December 2007, net current assets and total assets less current liabilities of the Group amounted to approximately HK$251.3 million (31st December 2006: net current assets of HK$11.6 million) and approximately HK$357.8 million (31st December 2006: HK$86.2 million) respectively. As at 31st December 2007, the Group had cash and cash equivalents amounted to approximately HK$238.1 million (31st December 2006: HK$17.7 million). The current ratio of the Group as at 31st December 2007 was 3.41 (31st December 2006: 1.28). The gearing ratio, being the bank loan divided by the shareholders' equity, as at 31st December 2007, was nil (31st December 2006: nil). The capital raising activities during the year are listed in the note 10 on Share Capital above.

BUSINESS REVIEW
We have been implementing our new strategy as a middle and high-end department store operator in the PRC and started to acquire the "Century Ginwa" branded department stores in the beginning of year 2006.

Having considered the rapid growth in the people's general consumption power in the PRC, the Group decided to step into the business of operating department stores, starting with acquiring one "Century Ginwa" branded department store in Urumqi from the Group of Ginwa Investment Company Limited early in the 2006. Also, we managed to start our own operations of department store by acquiring certain assets from Shaanxi Century Ginwa Hi-Tech Shopping Centre Company Limited. The acquisition was completed in May 2007.

In September 2007, the Group entered into agreements to acquire the Bell Tower department store business from Ginwa Investment Company Limited. These agreements were approved by the shareholders at the Special General Meeting held on 17th January 2008. That means that after the completion of this acquisition, we will have three strong footholds situated in North-western China which has double-digit growth rates in GDP and retail sales in the last five years. The strategic foundation has been paved and we are now ready to consolidate our base and expand outside Xi'an.

BANKING FACILITIES
As at 31st December 2007, the Group had no outstanding banking facilities (2006: nil).

SEASONAL OR CYCLICAL FACTORS
During the year, the Group's business operations were not significantly affected by any seasonal and cyclical factors.

CONTINGENT LIABILITIES
As at 31st December 2007, the Group and the Company did not have any material contingent liabilities (31st December 2006: Nil).

HUMAN RESOURCES
As at 31st December 2007, the Group employed 656 (2006: 354) full time employees including management and administrative staff. Most of the employees are employed in Mainland China. The headcount of the Group increases significantly as the Group has acquired operations of department stores in the PRC.

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 year.

MATERIAL LITIGATION

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance known to the directors to be pending or threatened by or against the Company or any of its subsidiaries.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors as at the date of this report, there is sufficient public float of more than 25% of the Company's shares in the market as required under the Listing Rules.

CORPORATE GOVERNANCE

The Board considers that the Company has complied throughout the year ended 31st December 2007 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 year is stated as follows: As the Chairman of the Board was principally engaged in business in Mainland China and outside Hong Kong, he thus could not attend the annual general meeting of the Company for the years 2006 and 2007, which deviated from the requirements set out in CG Code Provision E.1.2. In future, the dates of general meetings will be more carefully selected and arranged to reduce the chance that it may happen again.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers 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 year ended 31st December 2007.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for overseeing in preparation of accounts for each financial period with a view to ensuring such accounts give a true and fair view of the state of affairs of the Group and of the results and cashflow for that year. The Company's accounts are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgments and estimates made are prudent and reasonable.

REMUNERATION COMMITTEE

The remuneration committee is responsible for forming the remuneration's structure and policy of the Group, 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. Generally, their remunerations are determined based on their experience and qualifications, the Group's performance as well as market conditions. The committee shall consist of not less than 2 members. Currently, it consists of three Independent Non-Executive Directors: Mr. Chan Wai Kwong, Peter, Mr. Xiao Ming and Mr. Fu Wing Kwok, Ewing and one Executive Director, Mr. Hu Yangxiong.

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 perform other duties assigned by the Board and make recommendations for the Company to improve the quality of financial information to be disclosed. It also reviews the annual and interim reports of the Company prior to their approval by the Board. The audit committee shall consist of not less than 3 members. Currently, the audit committee consists of three Independent Non-Executive Directors: Mr. Chan Wai Kwong, Peter, Mr. Xiao Ming and Mr. Fu Wing Kwok, Ewing and one Executive Director, Mr. Hu Yangxiong.

The audit committee has reviewed with management and PKF, Certified Public Accountants the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters including the review of the audited results for the year ended 31st December 2007, the unaudited interim results for the six months ended 30th June 2007 prior to their approval by the Board.

FUTURE PLAN AND PROSPECT

We have made steady progress in 2007 in implementing our department store focused business strategy. By expanding and strengthening the Board of Directors and senior management, we are finally engaged in one of the most attractive industries in the PRC – operation of department stores. The continuous improvements of the standard of living in the PRC will keep on stimulating consumer’s spending that supports our business. We will continue exploring opportunities by acquiring existing Century Ginwa department stores and expanding Century Ginwa geographically in the PRC and to strengthen the corporate governance of the Group, especially on the newly acquired department stores to further enhance the Group’s market status and maximise shareholder value. We are confident that the Group is well-positioned to continue with the implementation of its business strategy. The Board and I believe that 2008 will be an extremely challenging year for the Company and it will see a doubling of effort by the Group to ensure sustainable growth.

PUBLICATION OF FINAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement will be published on the website of the Stock Exchange and the Company’s website (http://cgd.etnet.com.hk). The annual report for the year ended 31st December 2007 containing all the information required by Appendix 16 to the Listing Rules will be despatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

On behalf of the Board
China Golden Development Holdings Limited
Wu Yijian
Chairman

Hong Kong, 18th April 2008

As at the date of this announcement, the Board comprises seven executive directors, namely Messrs. Wu Yijian, Hu Yangxiong, Qu Jiaqi, Li Haogang, Sha Yingjie, Lai Chik Fan and Leung Siu Kuen, and three independent non-executive directors namely Messrs. Chan Wai Kwong, Peter, Xiao Ming, and Fu Wing Kwok, Ewing.