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GOLDEN RESOURCES DEVELOPMENT INTERNATIONAL LIMITED

金源米業國際有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 677)

2010/2011 INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2010

SUMMARY OF INTERIM RESULTS

The Directors of Golden Resources Development International Limited (the “Company”) are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th September, 2010 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30th September,	
		2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
	Notes		
TURNOVER	3	390,411	354,939
Cost of sales		(291,112)	(265,464)
GROSS PROFIT		99,299	89,475
Net unrealized gain on financial assets at fair value through profit or loss		277	28,627
Net other income	4	6,825	19,762
Selling and distribution costs		(11,028)	(12,826)
Administrative expenses		(47,309)	(49,846)
PROFIT FROM OPERATIONS	3	48,064	75,192
Finance costs		(458)	(988)
Share of results of associates		1,127	73,123
Gain on disposal of an associate		54,313	-
Write-back of impairment loss on interests in associate		-	17,731
PROFIT BEFORE TAXATION	5	103,046	165,058
Taxation	6	(7,913)	(6,053)
PROFIT FOR THE PERIOD		95,133	159,005
Attributable to:			
Shareholders of the Company		95,585	159,834
Non-controlling interests		(452)	(829)
		95,133	159,005
DIVIDEND	7	18,637	18,175
INTERIM DIVIDEND PER SHARE		HK 1.2 cents	HK 1.2 cents
EARNINGS PER SHARE	8		
- Basic		HK 6.2 cents	HK11.3 cents
- Diluted		HK 5.7 cents	HK10.8 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30th September,	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD	95,133	159,005
OTHER COMPREHENSIVE INCOME/(LOSS)		
(Deficit)/surplus on revaluation of available-for-sale investments	(125)	361
Exchange differences on translation of foreign operations	3,140	142
Share of other comprehensive income of associates	4,125	3,203
Exchange reserve and other reserves eliminated on disposal of an associate	756	—
Investments revaluation reserve realized on disposal of available-for-sale investments	-	1,022
Other comprehensive income for the period, net of tax	7,896	4,728
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	103,029	163,733
Total comprehensive income attributable to:		
Shareholders of the Company	102,927	164,536
Non-controlling interests	102	(803)
	103,029	163,733

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30th September, 2010 (Unaudited) HK\$'000	31st March, 2010 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		81,092	85,597
Investment properties		39,340	39,340
Interests in associates		238,185	279,045
Available-for-sale investments		45,491	41,390
Prepaid lease payments		18,871	19,023
		<u>422,979</u>	<u>464,395</u>
CURRENT ASSETS			
Inventories		102,782	90,305
Trade debtors	9	88,643	80,417
Other debtors, deposits and prepayments		36,197	30,640
Financial assets at fair value through profit or loss		178,117	169,990
Cash and cash equivalents		321,383	245,787
		<u>727,122</u>	<u>617,139</u>
CURRENT LIABILITIES			
Trade creditors	10	7,891	14,078
Other creditors and accruals		15,111	16,145
Tax liabilities		31,047	25,881
		<u>54,049</u>	<u>56,104</u>
NET CURRENT ASSETS		<u>673,073</u>	<u>561,035</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,096,052</u>	<u>1,025,430</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		2,955	3,385
Convertible notes		34,483	38,924
		<u>37,438</u>	<u>42,309</u>
		<u>1,058,614</u>	<u>983,121</u>
CAPITAL AND RESERVES			
Share capital		155,306	153,383
Reserves		891,037	817,569
Shareholders' equity		<u>1,046,343</u>	<u>970,952</u>
Non-controlling interests		12,271	12,169
		<u>1,058,614</u>	<u>983,121</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th September, 2010

1. BASIS OF PREPARATION

The unaudited condensed financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“the HKICPA”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties, available-for-sale investments and financial assets at fair value through profit or loss which are measured at fair values, as appropriate.

The accounting policies applied in the unaudited condensed financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st March, 2010, except as described below.

In the current period, the Group has applied, for the first time, all new or revised standards, amendments and interpretations (the “new HKFRSs”) issued by the HKICPA with effect from the beginning of current accounting period.

The application of HKFRS 3 (Revised) “Business Combinations” affects the Group’s accounting policy for business combination for which the acquisition date is on or after 1st April, 2010. HKAS 27 (Revised) “Consolidated and Separate Financial Statements” affects the accounting treatment for changes in the Group’s ownership interest in a subsidiary.

The adoption of these new HKFRSs had no material effect on the results and financial position of the Group for the current and/or prior accounting periods. Accordingly, no prior period adjustment has been required.

3. SEGMENT INFORMATION

An analysis of the Group's segment information by operating segments is as follows:

Operating segments

Income statement for the six months ended 30th September, 2010

	Rice operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
TURNOVER					
External sales	<u>389,690</u>	<u>-</u>	<u>721</u>	<u>-</u>	<u>390,411</u>
RESULT					
Segment results	<u>43,135</u>	<u>4,492</u>	<u>(946)</u>	<u>1,383</u>	<u>48,064</u>
Finance costs					(458)
Share of results of associates	(106)	-	(43)	1,276	1,127
Gain on disposal of an associate	-	-	-	54,313	54,313
Profit before taxation					103,046
Taxation					(7,913)
Profit for the period					<u>95,133</u>
Attributable to:					
Shareholders of the Company					95,585
Non-controlling interests					(452)
					<u>95,133</u>

Segment assets and liabilities as at 30th September, 2010

	Rice operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
ASSETS					
Segment assets	247,567	190,186	119,813	354,350	911,916
Interests in associates	1,190	-	88,729	148,266	238,185
Consolidated total assets					<u>1,150,101</u>
LIABILITIES					
Segment liabilities	22,473	-	516	34,496	57,485
Unallocated corporate liabilities					34,002
Consolidated total liabilities					<u>91,487</u>

Income statement for the six months ended 30th September, 2009

	Rice operation <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
TURNOVER					
External sales	<u>354,357</u>	<u>-</u>	<u>582</u>	<u>-</u>	<u>354,939</u>
RESULT					
Segment results	<u>30,837</u>	<u>43,488</u>	<u>(1,341)</u>	<u>2,208</u>	75,192
Finance costs					(988)
Share of results of associates	4	-	82,117	(8,998)	73,123
Write-back of impairment loss on interests in associate	17,731	-	-	-	17,731
Profit before taxation					165,058
Taxation					(6,053)
Profit for the period					<u>159,005</u>
Attributable to:					
Shareholders of the Company					159,834
Non-controlling interests					(829)
					<u>159,005</u>

Segment assets and liabilities as at 31st March, 2010

	Rice operation <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
ASSETS					
Segment assets	229,556	176,751	121,351	274,831	802,489
Interests in associates	1,224	-	86,344	191,477	<u>279,045</u>
Consolidated total assets					<u>1,081,534</u>
LIABILITIES					
Segment liabilities	28,566	1,163	475	38,943	69,147
Unallocated corporate liabilities					<u>29,266</u>
Consolidated total liabilities					<u>98,413</u>

4. NET OTHER INCOME

	For the six months ended 30th September,	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
		As restated
Interest income on:		
- Financial assets at fair value through profit or loss	4,674	2,727
- Financial assets not designated as at fair value through profit or loss	1,837	2,327
	<u>6,511</u>	<u>5,054</u>
Dividend from:		
- Listed available-for-sale investments	25	16
- Listed financial assets at fair value through profit or loss	1,088	829
	<u>1,113</u>	<u>845</u>
Net realized (loss)/gain on disposals of financial assets:		
- Available-for-sale investments	–	(799)
- Financial assets at fair value through profit or loss	(1,793)	10,471
	<u>(1,793)</u>	<u>9,672</u>
Net realized loss on derivative financial instruments	(336)	–
Impairment loss on loan receivable	(300)	–
Net gain on disposal of property, plant and equipment	46	113
Net foreign exchange gain	713	3,139
Sundry income	871	939
	<u>6,825</u>	<u>19,762</u>

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	For the six months ended 30th September,	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation and amortisation of property, plant and equipment	5,790	5,345
Amortisation of prepaid lease payments	260	260
Effective interest on convertible notes	<u>458</u>	<u>798</u>

6. TAXATION

	For the six months ended 30th September,	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	8,137	5,585
Other regions in the PRC	206	258
	<u>8,343</u>	<u>5,843</u>
Deferred tax	(430)	210
	<u> </u>	<u> </u>
Taxation attributable to the Company and its subsidiaries	<u><u>7,913</u></u>	<u><u>6,053</u></u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. Taxation arising in other regions in the PRC is calculated in accordance with the relevant laws of the PRC.

7. DIVIDEND

- (a) Dividend attributable to the interim period:

	For the six months ended 30th September,	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interim dividend declared after the interim period end of 1.2 cents per share on 1,553,060,305 shares (2009: 1.2 cents per share on 1,514,598,767 shares)	<u><u>18,637</u></u>	<u><u>18,175</u></u>

The interim dividend declared after the interim period end has not been recognised as a liability at the interim period end date.

- (b) Dividend attributable to the previous financial year, approved and paid during the interim period:

	For the six months ended 30th September,	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year:		
Approved and paid during the interim period	18,406	14,069
Additional final dividend payment for ordinary shares issued during the period	<u>231</u>	<u>385</u>
Total final dividend payment in respect of the previous financial year of 1.2 cents per share on 1,553,060,305 shares (2009: 1 cent per share on 1,445,367,998 shares)	<u><u>18,637</u></u>	<u><u>14,454</u></u>

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the shareholders of the Company is based on the following data:

	For the six months ended 30th September,	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings for the purpose of basic earnings per share:		
Profit for the period attributable to shareholders of the Company	95,585	159,834
Effect of dilutive potential ordinary shares:		
Effective interest on convertible notes	458	798
Earnings for the purpose of diluted earnings per share	96,043	160,632
	For the six months ended 30th September,	
	2010	2009
	(Unaudited)	(Unaudited)
Number of shares:		
Weighted average number of shares for the purpose of basic earnings per share	1,538,663,500	1,418,676,111
Effect of dilutive potential ordinary shares:		
Convertible notes issued by the Company	148,242,959	65,021,864
Weighted average number of shares for the purpose of diluted earnings per share	1,686,906,459	1,483,697,975

9. TRADE DEBTORS

The Group allows an average credit period of 30-60 days to its trade customers. The following is an aging analysis of trade debtors at the end of the reporting period:

	30th September, 2010	31st March, 2010
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Within 30 days	39,211	45,648
31-60 days	32,625	24,909
61-90 days	7,963	6,272
Over 90 days	8,844	3,588
	88,643	80,417

The Directors consider that the carrying amounts of trade debtors approximate their fair values.

As at 30th September, 2010, trade debtors over 90 days amounted to HK\$8,844,000 (31st March, 2010: HK\$3,588,000) were past due but not impaired as the balances were related to debtors with sound repayment history and no recent history of default.

10. TRADE CREDITORS

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

	30th September, 2010 (Unaudited) HK\$'000	31st March, 2010 (Audited) HK\$'000
Within 30 days	7,825	9,032
31-60 days	66	5,033
Over 90 days	-	13
	<hr/> 7,891 <hr/>	<hr/> 14,078 <hr/>

The Directors consider that the carrying amounts of trade creditors approximate their fair values.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had cash balance of approximately HK\$321 million and outstanding convertible notes amounted to approximately HK\$34 million as at 30th September, 2010. With cash and other current assets of approximately HK\$727 million as at 30th September, 2010 as well as available banking facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

BUSINESS REVIEW AND PROSPECTS

We are pleased to report to the shareholders that the net profits under review for the first half of this year was approximately HK\$95,585,000. The lower in profits when compared with the same period last year was attributed to the fact that there was a surge in profits for the first half of last year stemming from the exceptional gain on the Group's share of the profit of an associate, which is engaged in property development and investment in Malaysia. However, there is no such profit in the first half of this year and this accounts for the lower in profits when compared with last year.

During the period under review, the operation environment in respect of the Group's core rice business in Hong Kong remained challenging. The intense competition among major supermarket chains, the volatility of raw rice cost and the weakness of USD continued to exert pressures on the Group. Leveraging on our expertise, we have been implementing flexible procurement strategy to minimize our rice procurement cost. In addition, the Group will continue to enhance its competitive edges, strive to implement further cost control measures and streamline operations and structures so as to enhance further operational efficiency and sustain profitability.

Vietnam is seen as one of the fast growing emerging markets and the growth of its local economy is accelerating. The personal income is rising and the domestic retail market is expanding. In August this year, the Group grasped the opportunity to invest in the Vietnam retail market by acquiring the Circle K convenience store business in Vietnam for a total consideration of HK\$33.2 million. The acquisition was completed in early October this year. Following the acquisition, the Group has been focusing on the expansion of the number of stores to reach the critical mass and anticipates the convenience store business will become the new income stream to the Group. With regard to the business development of the Group in Vietnam, the water distribution network project lags behind the schedule as the design work is still pending for the approval from the Vietnam government. The Group is seriously reviewing this development.

Our cash position remained robust with cash and bank balances of HK\$321 million as of 30 September 2010. This has given the Group the financial resources to pursue any investment opportunities. Moving forward, we will continue to take a prudent and selective approach to business development and investment. We have confidence in the long-term prospect of the Group.

INTERIM DIVIDEND

The Directors have declared an interim dividend of 1.2 cents per share for the year ending 31st March, 2011 (2009/2010: 1.2 cents per share) to shareholders on the Register of Members of the Company on Friday, 31st December, 2010.

It is expected that cheques for the interim dividend will be despatched to those entitled thereto on or about Friday, 7th January, 2011.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 24th December, 2010 to Friday, 31st December, 2010, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tricor Standard Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on Thursday, 23rd December, 2010.

EMPLOYEES AND REMUNERATION POLICY

The total number of employees for the Group is about 355.

Remuneration packages are reviewed by the Group from time to time. In addition to salary payments, other fringe benefits for the staff include retirement benefits schemes and medical insurance scheme, as well as quarters and housing allowances for certain staff. The Group has taken out personal accident insurance for senior staff and the staff who frequently travel overseas on business trips.

CORPORATE GOVERNANCE

Corporate Governance Practices

The Company adopted all the code provisions in the Code of Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as its own code on corporate governance practices. The Company has complied with the Code throughout the six months ended 30th September, 2010 with deviation from code provision A.2.1 of the Code :

Code provision A.2.1 of the Code stipulates that the roles of a Chairman and a Managing Director should be separate and should not be performed by the same individual. During the period, Mr. Alvin Leslie LAM Kwing Wai is the Chairman of the Board and the Managing Director of the Company. Given Mr. Alvin Leslie LAM Kwing Wai has had extensive experience in the business of the Group, particularly in soliciting for possible new business opportunities and deducing the overall strategic plan for the future development of the Company, the directors consider that it would benefit the Company if Mr. Alvin Leslie LAM Kwing Wai is also in charge of overseeing the Company's operations as its Chairman. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group. The Board will regularly review the effectiveness of this arrangement.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by directors. All directors have confirmed, following specific enquiry by the Company, that they fully complied with the required standard as set out in the Model Code throughout the review period.

AUDIT COMMITTEE

The audit committee comprising three independent non-executive directors, Mr. John WONG Yik Chung, Mr. Leo CHAN Fai Yue and Mr. Richard LAU Siu Sun, had reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited financial statements of the Group for the six months ended 30th September, 2010.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the period.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) as well as the website of the Company (www.grdil.com). The 2010/2011 interim report will be dispatched to shareholders and will be published on the aforementioned websites in due course.

On behalf of the Board
**Golden Resources Development
International Limited**
Alvin Leslie LAM Kwing Wai
Chairman

Hong Kong, 24th November, 2010

As at the date of this announcement, the executive directors of the Company are Mr. Alvin Leslie LAM Kwing Wai (Chairman and Managing Director), Mr. Anthony LAM Sai Ho (Vice Chairman), Madam Rosita YUEN LAM Kit Woo, Mr. Laurent LAM Kwing Chee and Mr. TSANG Siu Hung. The independent non-executive directors of the Company are Mr. John WONG Yik Chung, Mr. Leo CHAN Fai Yue and Mr. Richard LAU Siu Sun.