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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)

2011/2012 INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2011

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, 2011 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30th September,	
		2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
	Notes		
TURNOVER	3	454,190	390,411
Cost of sales		(327,088)	(291,112)
GROSS PROFIT		127,102	99,299
Net unrealized (loss)/gain on financial assets at fair value through profit or loss		(49,921)	277
Net other income	4	12,598	6,825
Selling and distribution costs		(17,410)	(11,028)
Administrative expenses		(65,091)	(47,309)
PROFIT FROM OPERATIONS	3	7,278	48,064
Finance costs		(125)	(458)
Share of results of associates		(3,991)	1,127
Gain on disposal of an associate		-	54,313
PROFIT BEFORE TAXATION	5	3,162	103,046
Taxation	6	(7,554)	(7,913)
(LOSS)/PROFIT FOR THE PERIOD		(4,392)	95,133
(Loss)/profit attributable to:			
Shareholders of the Company		(5,738)	95,585
Non-controlling interests		1,346	(452)
		(4,392)	95,133
DIVIDEND	7	19,412	18,637
INTERIM DIVIDEND PER SHARE		HK 1.2 cents	HK 1.2 cents
(LOSS)/EARNINGS PER SHARE	8		
- Basic		HK (0.4) cents	HK 6.2 cents
- Diluted		HK (0.4) cents	HK 5.7 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30th September,	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
(LOSS)/PROFIT FOR THE PERIOD	(4,392)	95,133
OTHER COMPREHENSIVE INCOME/(LOSS)		
Deficit on revaluation of available-for-sale investments	(586)	(125)
Exchange differences on translation of foreign operations	4,897	3,140
Share of other comprehensive (loss)/income of associates	(758)	4,125
Exchange reserve and other reserves eliminated on disposal of an associate	-	756
Other comprehensive income for the period, net of tax	3,553	7,896
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(839)	103,029
Total comprehensive (loss)/income attributable to:		
Shareholders of the Company	(2,717)	102,927
Non-controlling interests	1,878	102
	(839)	103,029

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30th September, 2011 (Unaudited) HK\$'000	31st March, 2011 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		81,320	84,907
Investment properties		64,457	64,457
Intangible asset		30,201	30,900
Interests in associates		240,804	238,687
Available-for-sale investments		45,210	45,554
Prepaid lease payments		18,536	18,690
		480,528	483,195
CURRENT ASSETS			
Inventories		118,433	127,390
Trade debtors	9	132,456	90,342
Other debtors, deposits and prepayments		57,564	52,659
Financial assets at fair value through profit or loss		200,082	229,411
Cash and cash equivalents		208,538	206,370
		717,073	706,172
CURRENT LIABILITIES			
Trade creditors	10	9,276	3,802
Other creditors and accruals		33,487	20,226
Derivative financial instruments		2,265	-
Tax liabilities		39,559	31,744
		84,587	55,772
NET CURRENT ASSETS		632,486	650,400
TOTAL ASSETS LESS CURRENT LIABILITIES		1,113,014	1,133,595
NON-CURRENT LIABILITIES			
Deferred tax liabilities		2,300	2,634
Convertible notes		17,942	34,237
		20,242	36,871
		1,092,772	1,096,724
CAPITAL AND RESERVES			
Share capital		161,768	155,306
Reserves		915,715	928,007
Shareholders' equity		1,077,483	1,083,313
Non-controlling interests		15,289	13,411
		1,092,772	1,096,724

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th September, 2011

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.

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) - Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments

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, 2011

	Rice operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
TURNOVER					
External sales	<u>432,072</u>	<u>-</u>	<u>957</u>	<u>21,161</u>	<u>454,190</u>
RESULT					
Segment results	<u>51,754</u>	<u>(42,101)</u>	<u>(47)</u>	<u>(2,328)</u>	7,278
Finance costs					(125)
Share of results of associates	2	-	376	(4,369)	(3,991)
Profit before taxation					3,162
Taxation					(7,554)
Loss for the period					<u>(4,392)</u>
(Loss)/profit attributable to:					
Shareholders of the Company					(5,738)
Non-controlling interests					1,346
					<u>(4,392)</u>

Segment assets and liabilities as at 30th September, 2011

	Rice operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
ASSETS					
Segment assets	300,135	212,281	143,297	301,084	956,797
Interests in associates	11,694	-	84,738	144,372	240,804
Consolidated total assets					<u>1,197,601</u>
LIABILITIES					
Segment liabilities	37,506	2,265	603	22,596	62,970
Unallocated corporate liabilities					41,859
Consolidated total liabilities					<u>104,829</u>

Income statement for the six months ended 30th September, 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>
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>	48,064
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>
Profit/(loss) attributable to:					
Shareholders of the Company					95,585
Non-controlling interests					(452)
					<u>95,133</u>

Segment assets and liabilities as at 31st March, 2011

	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	272,337	241,783	143,932	292,628	950,680
Interests in associates	3,372	-	89,591	145,724	238,687
Consolidated total assets					<u>1,189,367</u>
LIABILITIES					
Segment liabilities	18,437	-	525	39,303	58,265
Unallocated corporate liabilities					34,378
Consolidated total liabilities					<u>92,643</u>

Geographical segments

The Group's operations are located in Hong Kong, elsewhere in the PRC and other regions.

The following table provides an analysis of the Group's sales by location of markets, irrespective of the origin of the goods/services:

	Turnover by geographical markets	
	For the six months ended 30th September,	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Hong Kong	342,222	333,282
Elsewhere in the PRC	93,337	49,404
Others	18,631	7,725
	454,190	390,411

4. NET OTHER INCOME

	For the six months ended 30th September,	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest income on:		
- Financial assets at fair value through profit or loss	6,575	4,674
- Financial assets not designated as at fair value through profit or loss	2,065	1,837
	8,640	6,511
Dividend from:		
- Listed available-for-sale investments	55	25
- Unlisted available-for-sale investments	761	-
- Listed financial assets at fair value through profit or loss	1,425	1,088
	2,241	1,113
Net realized gain/(loss) on disposals of financial assets at fair value through profit or loss	434	(1,793)
Net unrealized loss on derivative financial instruments	(2,265)	-
Net foreign exchange gain	1,041	713
Sundry income	2,507	871
Net realized loss on derivative financial instruments	-	(336)
Impairment loss on loan receivable	-	(300)
Net gain on disposal of property, plant and equipment	-	46
	12,598	6,825

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	For the six months ended 30th September,	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation and amortisation of property, plant and equipment	6,401	5,790
Amortisation of prepaid lease payments	264	260
Amortisation of intangible asset	699	-
Effective interest on convertible notes	125	458

6. TAXATION

	For the six months ended 30th September,	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	7,826	8,137
Other regions in the PRC	62	206
	7,888	8,343
Deferred tax	(334)	(430)
Taxation attributable to the Company and its subsidiaries	7,554	7,913

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

7. DIVIDEND

- (a) Dividend attributable to the interim period:

	For the six months ended 30th September,	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interim dividend declared after the interim period end of 1.2 cents per share on 1,617,675,689 shares (2010: 1.2 cents per share on 1,553,060,305 shares)	19,412	18,637

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,	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year:		
Approved and paid during the interim period	18,637	18,406
Additional final dividend payment for ordinary shares issued during the period	775	231
Total final dividend payment in respect of the previous financial year of 1.2 cents per share on 1,617,675,689 shares (2010: 1.2 cents per share on 1,553,060,305 shares)	19,412	18,637

8. (LOSS)/EARNINGS PER SHARE

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

	For the six months ended 30th September,	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
(Loss)/earnings for the purpose of basic (loss)/earnings per share:		
(Loss)/profit for the period attributable to shareholders of the Company	(5,738)	95,585
Effect of dilutive potential ordinary shares:		
Effective interest on convertible notes	-	458
(Loss)/earnings for the purpose of diluted (loss)/earnings per share	<u>(5,738)</u>	<u>96,043</u>
	For the six months ended 30th September,	
	2011	2010
	(Unaudited)	(Unaudited)
Number of shares:		
Weighted average number of shares for the purpose of basic (loss)/earnings per share	1,580,954,378	1,538,663,500
Effect of dilutive potential ordinary shares:		
Convertible notes issued by the Company	-	148,242,959
Weighted average number of shares for the purpose of diluted (loss)/earnings per share	<u>1,580,954,378</u>	<u>1,686,906,459</u>

The basic loss per share and diluted loss per share are the same for the period ended 30th September, 2011. The effect of any incremental shares from the assumed exercise of the Company's convertible notes outstanding as at 30th September, 2011 would be anti-dilutive and was not included in the calculation of diluted loss per share.

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, 2011 (Unaudited) HK\$'000	31st March, 2011 (Audited) HK\$'000
Within 30 days	72,658	47,169
31-60 days	48,898	30,333
61-90 days	7,432	8,872
Over 90 days	3,468	3,968
	<u>132,456</u>	<u>90,342</u>

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

As at 30th September, 2011, trade debtors over 90 days amounted to HK\$3,468,000 (31st March, 2011: HK\$3,968,000) 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, 2011 (Unaudited) HK\$'000	31st March, 2011 (Audited) HK\$'000
Within 30 days	7,873	3,608
31-60 days	1,275	107
61-90 days	36	66
Over 90 days	92	21
	<u>9,276</u>	<u>3,802</u>

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\$208 million and no outstanding bank loans except for convertible notes amounted to approximately HK\$18 million as at 30th September, 2011. With cash and other current assets of approximately HK\$717 million as at 30th September, 2011 as well as available banking facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

BUSINESS REVIEW AND PROSPECTS

For the period under review, the Group recorded a net loss of approximately HK\$5,738,000 for the six months ended 30th September, 2011. The loss was attributable to the absence of significant one-time gain on disposal of an associate, and the unrealized loss arising from the fair value changes of the Group's financial assets as a result of the recent adverse global investment market conditions. The performance of our Group's core rice business remained stable and continued to contribute favourably to the Group's results.

In Hong Kong, the market conditions of our Group's core rice business remained competitive and challenging. The competition among major market operators continued to be tough. The raw rice cost has been creeping up steadily since early first half of this financial year and noticeably in the second half. The raw rice cost is expected to remain volatile in the remaining period of the second half. This has inevitably been fuelling great pressure on our profit margin. To combat the increase of raw rice cost, our Group has been proactively managing the procurement of raw rice in a timely and flexible manner so as to preserve the Group's profit margin. To alleviate the pressure from the intensifying market competition and the rising raw rice cost, our Group has continued to strive to implementing stringent cost control and streamlining the operation so as to enhance operation efficiency and to sustain the Group's profitability. The implementation of SAP Enterprise Resources Planning (ERP) system is progressing well as planned. The ERP system will enhance our Group's competitive edge, deliver better supply chain management and improve process integration so as to achieve effective cost control.

In Vietnam, our Circle K convenience store business made good progress in improving the store and operational productivity. We have been devoting considerable resources to optimising margin and pricing structure, expanding category management, increasing customer travel, enhancing quality customer service and building customer loyalty with aggressive marketing programmes. The Group will continue to focus on the expansion programme for the number of stores to achieve the critical mass. We have full confidence in the prospect of this business and believe that it will become the new income stream to the Group and add value to the shareholders. As regards to the development of the water distribution network project in Vietnam, we are currently negotiating with the Vietnam municipal government concerning the development of the project. The construction work of the Water project is currently suspended pending for the outcome of the negotiation with the Vietnam government.

The global investment market conditions erupted adversely since August this year, giving rise to uncertainty and volatility in the investment markets. This has brought negative impact on our Group's investment portfolio, resulting in unrealized loss on the changes in the fair value of our Group's financial assets for the period under review. As the investment markets are seen to become stabilise recently, the performance of our Group's investment portfolio has improved. We believe that our Group's investment portfolio is well balanced and it will generate stable and favourable return to our Group in the long term. On the financial position side, the Group continues to maintain a strong cash position and balance sheet with the Group's cash and bank balances of HK\$208 million as at 30th September, 2011. The Group remains well positioned to pursue and capitalise on any excellent investment opportunities which will arise.

We are optimistic about the prospect of the business development of the Group and will continue to implement business strategies to enhance the Group's value to add return to the shareholders.

INTERIM DIVIDEND

The Directors have declared an interim dividend of 1.2 cents per share for the year ending 31st March, 2012 (2010/2011: 1.2 cents per share) to the shareholders on the Register of Members of the Company at the close of business on Friday, 30th December, 2011.

It is expected that the interim dividend will be paid to the shareholders on or about Friday, 13th January, 2012.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 23rd December, 2011 to Friday, 30th December, 2011, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Standard Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 22nd December, 2011.

EMPLOYEES AND REMUNERATION POLICY

The total number of employees for the Group is about 627.

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 on 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, 2011 except the following deviations:

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.

Under note 1 of code provision A.3 of the Code, every Board of Directors of a listed issuer must include at least three Independent Non-executive Directors. Mr. Leo CHAN Fai Yue resigned as an Independent Non-executive Director, a member of the Audit Committee and the chairman and member of the Remuneration Committee of the Company on 14th July, 2011 resulting that the number of the Independent Non-executive Directors and the member of the Audit Committee of the Company fell below the minimum number required under Rules 3.10(1) and 3.21 of the Listing Rules. On 28th September, 2011, Mr. LAM Ping Cheung (“Mr. Lam”) was appointed as an Independent Non-executive Director and members of the Audit Committee and the Remuneration Committee of the Company. Following the appointment of Mr. Lam, the Company has three Independent Non-executive Directors and three members of the Audit Committee of the Company, being the requisite number of Independent Non-executive Directors and member of the Audit Committee of the Company pursuant to Rules 3.10(1) and 3.21 of the Listing Rules. The Company fell short of one Independent Non-executive Director and one Audit Committee member during the period from 14th July, 2011 to 28th September, 2011.

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. Richard LAU Siu Sun and Mr. LAM Ping Cheung, 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, 2011.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed shares for the six months ended 30th September, 2011.

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 2011/2012 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, 2011

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. Richard LAU Siu Sun and Mr. LAM Ping Cheung.