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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)

2013/2014 INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2013

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, 2013 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30th September,	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
	Notes		
TURNOVER	3	477,653	473,572
Cost of sales		(346,594)	(347,175)
GROSS PROFIT		131,059	126,397
Net unrealized gain on financial assets at fair value through profit or loss		1,094	3,773
Net other income	4	15,719	17,486
Selling and distribution costs		(29,480)	(22,629)
Administrative expenses		(73,532)	(66,071)
PROFIT FROM OPERATIONS	3	44,860	58,956
Finance costs		(84)	(118)
Share of results of associates		(1,237)	(4,883)
PROFIT BEFORE TAXATION	5	43,539	53,955
Taxation	6	(7,402)	(8,751)
PROFIT FOR THE PERIOD		36,137	45,204
Profit attributable to:			
Shareholders of the Company		36,133	44,354
Non-controlling interests		4	850
		36,137	45,204
EARNINGS PER SHARE	8		
— Basic		HK2.1 cents	HK2.6 cents
— Diluted		HK2.1 cents	HK2.6 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30th September,	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD	36,137	45,204
OTHER COMPREHENSIVE INCOME		
Items to be reclassified to profit or loss in subsequent periods:		
Surplus on revaluation of available-for-sale investments	545	14
Exchange differences on translation of foreign operations	2,196	527
Share of other comprehensive (loss)/income of associates	(2,473)	162
Other comprehensive income for the period, net of tax	268	703
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	36,405	45,907
Total comprehensive income attributable to:		
Shareholders of the Company	36,036	45,022
Non-controlling interests	369	885
	36,405	45,907

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30th September, 2013 (Unaudited) HK\$'000	31st March, 2013 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		79,045	75,272
Investment properties		76,597	76,597
Intangible asset		27,402	28,102
Interests in associates		253,364	254,179
Available-for-sale investments		46,335	49,078
Prepaid lease payments		17,644	17,846
		500,387	501,074
CURRENT ASSETS			
Inventories		126,829	127,822
Trade debtors	9	106,901	96,268
Other debtors, deposits and prepayments		74,642	69,004
Available-for-sale investments		38,023	24,969
Financial assets at fair value through profit or loss		317,119	310,713
Cash and cash equivalents		164,185	180,316
		827,699	809,092
CURRENT LIABILITIES			
Trade creditors	10	12,093	9,587
Other creditors and accruals		19,654	21,138
Financial guarantee contracts		10,496	10,496
Bank loans		7,754	14,005
Tax liabilities		27,048	19,968
		77,045	75,194
NET CURRENT ASSETS		750,654	733,898
TOTAL ASSETS LESS CURRENT LIABILITIES		1,251,041	1,234,972
NON-CURRENT LIABILITY			
Deferred tax liabilities		1,437	1,512
		1,249,604	1,233,460
CAPITAL AND RESERVES			
Share capital		168,691	168,691
Reserves		1,062,008	1,046,044
Shareholders' equity		1,230,699	1,214,735
Non-controlling interests		18,905	18,725
		1,249,604	1,233,460

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th September, 2013

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:

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 19 (Revised)	Employee Benefits
HKAS 27 (Revised)	Separate Financial Statements
HKAS 28 (Revised)	Investments in Associates and Joint Ventures
HKFRS (Amendment)	Annual Improvements to HKFRSs 2009-2011 Cycle
HKFRS 1 (Amendment)	Government Loans
HKFRS 7 (Amendment)	Disclosure — Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guide
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosures of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine

The adoption of these new HKFRSs has 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

Statement of profit or loss for the six months ended 30th September, 2013

	Rice operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Total HK\$'000	Inter- segment elimination HK\$'000	Consolidated HK\$'000
TURNOVER							
External sales	432,912	—	980	43,761	477,653	—	477,653
Inter-segment sales	72	—	—	—	72	(72)	—
Total sales	432,984	—	980	43,761	477,725	(72)	477,653
RESULT							
Segment results	41,950	12,438	(151)	(9,377)			44,860
Finance costs							(84)
Share of results of associates	(62)	—	540	(1,715)			(1,237)
Profit before taxation							43,539
Taxation							(7,402)
Profit for the period							36,137
Profit attributable to:							
Shareholders of the Company							36,133
Non-controlling interests							4
							36,137

Segment assets and liabilities as at 30th September, 2013

	Rice operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
ASSETS					
Segment assets	277,471	374,621	152,251	270,379	1,074,722
Interests in associates	21,316	—	93,257	138,791	253,364
					<hr/>
Consolidated total assets					1,328,086
					<hr/>
LIABILITIES					
Segment liabilities	22,306	1	480	19,456	42,243
Unallocated corporate liabilities					36,239
					<hr/>
Consolidated total liabilities					78,482
					<hr/>

Statement of profit or loss for the six months ended 30th September, 2012

	Rice operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Total HK\$'000	Inter- segment elimination HK\$'000	Consolidated HK\$'000
TURNOVER							
External sales	444,510	—	1,154	27,908	473,572	—	473,572
Inter-segment sales	82	—	—	—	82	(82)	—
							<hr/>
Total sales	444,592	—	1,154	27,908	473,654	(82)	473,572
							<hr/>
RESULT							
Segment results	47,712	13,807	(6)	(2,557)			58,956
							<hr/>
Finance costs							(118)
Share of results of associates	(72)	—	254	(5,065)			(4,883)
							<hr/>
Profit before taxation							53,955
Taxation							(8,751)
							<hr/>
Profit for the period							45,204
							<hr/>
Profit attributable to:							
Shareholders of the Company							44,354
Non-controlling interests							850
							<hr/>
							45,204
							<hr/>

Segment assets and liabilities as at 31st March, 2013

	Rice operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
ASSETS					
Segment assets	268,724	357,458	152,887	276,918	1,055,987
Interests in associates	14,558	—	96,014	143,607	254,179
					<hr/>
Consolidated total assets					1,310,166
					<hr/>
LIABILITIES					
Segment liabilities	22,532	122	729	17,838	41,221
Unallocated corporate liabilities					35,485
					<hr/>
Consolidated total liabilities					76,706
					<hr/>

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,	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Hong Kong	392,086	359,899
Elsewhere in the PRC	44,282	87,481
Others	41,285	26,192
	<hr/>	<hr/>
	477,653	473,572
	<hr/>	<hr/>

4. NET OTHER INCOME

	For the six months ended 30th September,	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Interest income on:		
— Financial assets at fair value through profit or loss	5,754	6,581
— Financial assets not designated as at fair value through profit or loss	3,877	5,045
	9,631	11,626
Dividend from:		
— Listed available-for-sale investments	87	77
— Listed financial assets at fair value through profit or loss	2,169	2,485
	2,256	2,562
Net realized loss on disposals of financial assets at fair value through profit or loss	(73)	(1,052)
Net realized gain on derivative financial instruments	2,245	—
Net foreign exchange loss	(287)	(106)
Net loss on disposal of property, plant and equipment	(12)	(118)
Sundry income	1,959	4,574
	15,719	17,486

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	For the six months ended 30th September,	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation and amortisation of property, plant and equipment	7,244	6,236
Amortisation of prepaid lease payments	267	265
Amortisation of intangible asset	700	700
Interests on bank loans wholly repayable within five years	84	117
Interests on other loans	—	1

6. TAXATION

	For the six months ended 30th September,	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	7,716	6,879
Other regions in the PRC	180	1,784
	7,896	8,663
(Overprovision)/underprovision in prior years:		
Other regions in the PRC	(419)	236
Others	—	106
	(419)	342
Deferred tax	(75)	(254)
Taxation attributable to the Company and its subsidiaries	7,402	8,751

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,	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interim dividend declared after the interim period end of 1.2 cents per share on 1,686,906,458 shares (2012: 1.2 cents per share on 1,686,906,458 shares)	20,243	20,243

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,	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the interim period, of 1.2 cents per share on 1,686,906,458 shares (2012: 1.2 cents per share on 1,686,906,458 shares)	20,243	20,243

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, 2013 (Unaudited) HK\$'000		2012 (Unaudited) HK\$'000
Earnings for the purpose of basic and diluted earnings per share	36,133		44,354
	For the six months ended 30th September, 2013 (Unaudited)		2012 (Unaudited)
Number of shares:			
Weighted average number of shares for the purpose of basic earnings per share	1,686,906,458		1,686,906,458
Effect of dilutive potential ordinary shares:			
Share options	484,737		—
Weighted average number of shares for the purpose of diluted earnings per share	1,687,391,195		1,686,906,458

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares to assume conversion of all dilutive potential ordinary shares.

The dilutive effect for the period ended 30th September, 2013 is not significant.

The diluted earnings per share for last period ended 30th September, 2012 was the same as the basic earnings per share as the adjusted exercise prices of the Company's outstanding share options were higher than the average market price of the Company's shares for the period.

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 according to the delivery date:

	30th September, 2013 (Unaudited) HK\$'000	31st March, 2013 (Audited) HK\$'000
Within 30 days	53,592	43,589
31-60 days	37,345	35,829
61-90 days	11,732	12,609
Over 90 days	4,232	4,241
	106,901	96,268

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

As at 30th September, 2013, trade debtors over 90 days amounted to HK\$4,232,000 (31st March, 2013: HK\$4,241,000) 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, 2013 (Unaudited) HK\$'000	31st March, 2013 (Audited) HK\$'000
Within 30 days	11,855	9,437
31-60 days	238	62
61-90 days	—	23
Over 90 days	—	65
	12,093	9,587

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\$164 million and an outstanding bank loan amounted to approximately HK\$7 million as at 30th September, 2013. With cash and other current assets of approximately HK\$827 million as at 30th September, 2013 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 half year under review, the Group's rice core business performed satisfactorily. The rice market conditions continued to be challenging. The severe market competition among major market operators persisted. Rice costs hovered at high level; labour costs increased steadily and manufacturing costs crept up gradually. High rice costs, together with higher manufacturing overheads, will continue to pose challenges to the Group in the second half financial year. We will continue to mitigate cost pressure through automation, process improvement and stringent cost controls. As always, we will manage our operating cost diligently and maintain an efficient operating structure attentively so as to sustain the Group's profitability. Despite the challenges ahead, we will continue to pursue sustainable growth through the steady expansion of our rice core business and by focusing on strengthening our core competitiveness.

For our business in Vietnam, the Group's Circle K convenience store project was progressing as scheduled during the period. We remained focus on expanding the number of stores with cautious approach to expedite the reach of the critical mass. We have spent considerable efforts in expanding the product category to boost customer traffic and enhance category awareness. The Hot-Food-Eat-In service continued to grow in popularity and is the main driver of revenue and margin growth. We continued to launch aggressive marketing and promotional programmes to improve brand preference for Circle K among convenience store users. With these strategies, coupled with a consistent effort to maintain high standard of customer service, we were able to report an encouraging growth in the same store sales for the period under review. We are confident that this project will generate good return for our shareholders in the long run.

As at 30th September, 2013, we had net cash and bank balances to the extent of HK\$164 million. With a strong financial position and healthy cash flow, we are well poised to capture value enhancing investments and generate higher return for the shareholders.

Looking forward, the Golden Resources Group continues to drive long-term sustainable growth by strengthening its existing business organically and seeking attractive investment. We will continue to pursue quality investments which promise a positive return and good potential to create further value for shareholders. We are confident in the Golden Resources Group's business prospects.

INTERIM DIVIDEND

The Directors have declared an interim dividend of 1.2 cents per share for the year ending 31st March, 2014 (2012/2013: 1.2 cents per share) to the shareholders on the Register of Members of the Company at the close of business on Monday, 30th December, 2013.

It is expected that the interim dividend will be paid to the shareholders on or about Wednesday, 15th January, 2014.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 20th December, 2013 to Monday, 30th December, 2013, 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, 19th December, 2013.

EMPLOYEES AND REMUNERATION POLICY

The total number of employees for the Group is about 1,122.

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 Corporate Governance Code and Corporate Governance Report (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. The Company has complied with the Code throughout the six months ended 30th September, 2013 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 was 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. On 26th September, 2013, Mr. Alvin Leslie LAM Kwing Wai resigned as the Managing Director of the Company and remains as the Chairman and the Executive Director of the Company. On 26th September, 2013, Mr. Anthony LAM Sai Ho, the Executive Director of the Company, was appointed as the Managing Director of the Company. The Company has complied with the code provision A.2.1 of the Code since then.

Code provision A.5.6 of the Code stipulates that the nomination committee should have a policy concerning diversity of board members, and should disclose the policy in the corporate governance report with effect from 1st September, 2013. The Nomination Committee of the Company has not yet discussed on the requirements of the amendment and how a board diversity policy should be adopted. The Nomination Committee of the Company will discuss this matter in the next meeting in order to allow more time to make reference to market practice.

Code provision A.6.7 of the Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings. Mr. Richard LAU Siu Sun, the former Independent Non-executive Director of the Company, was unable to attend the Annual General Meeting of the Company held on 29th August, 2013 due to his other personal engagements.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors of the Company. 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. Michael YU Tat Chi and Mr. Ronald YAN Mou Keung, 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, 2013.

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, 2013.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the website of Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk) as well as the website of the Company (www.grdil.com). The 2013/2014 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, 27th November, 2013

As at the date of this announcement, the executive directors of the Company are Mr. Alvin Leslie LAM Kwing Wai (Chairman), Mr. Laurent LAM Kwing Chee (Vice Chairman), Mr. Anthony LAM Sai Ho (Managing Director), Madam LAM Kit Woo and Mr. TSANG Siu Hung. The independent non-executive directors of the Company are Mr. John WONG Yik Chung, Mr. Michael YU Tat Chi and Mr. Ronald YAN Mou Keung.