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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)

2009/2010 INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2009

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, 2009 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30th September,	
		2009	2008
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
			As restated
TURNOVER	3	354,939	358,695
Cost of sales		(265,464)	(268,612)
GROSS PROFIT		89,475	90,083
Net unrealized gain/(loss) on financial assets at fair value through profit or loss		28,627	(45,893)
Net other income	4	19,762	5,024
Selling and distribution costs		(12,826)	(16,597)
Administrative expenses		(49,846)	(46,509)
PROFIT/(LOSS) FROM OPERATIONS	3	75,192	(13,892)
Finance costs		(988)	(1,980)
Share of results of associates		73,123	(58,834)
Write-back of impairment loss on interests in associate		17,731	–
Impairment loss on interests in associate		–	(22,231)
PROFIT/(LOSS) BEFORE TAXATION	5	165,058	(96,937)
Taxation	6	(6,053)	(2,006)
PROFIT/(LOSS) FOR THE PERIOD		159,005	(98,943)
Attributable to:			
Shareholders of the Company		159,834	(98,744)
Minority interests		(829)	(199)
		159,005	(98,943)
DIVIDEND	7	18,175	14,069
INTERIM DIVIDEND PER SHARE		HK 1.2 cents	HK 1 cent
EARNINGS/(LOSS) PER SHARE	8		
- Basic		HK11.3 cents	HK(7.0) cents
- Diluted		HK10.8 cents	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30th September,	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
PROFIT/(LOSS) FOR THE PERIOD	<u>159,005</u>	<u>(98,943)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Surplus/(deficit) on revaluation of available-for-sale investments	361	(21,284)
Investments revaluation reserve realized on disposal of available-for-sale investments	1,022	(7,747)
Exchange differences on translation of foreign operations	142	3,767
Share of other comprehensive income of associates	3,203	2,895
Exchange reserve eliminated on impairment loss on interests in associate	—	(1,566)
Other comprehensive income/(loss) for the period, net of tax	<u>4,728</u>	<u>(23,935)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>163,733</u>	<u>(122,878)</u>
Total comprehensive income/(loss) attributable to:		
Shareholders of the Company	164,536	(123,131)
Minority interests	(803)	253
	<u>163,733</u>	<u>(122,878)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30th September, 2009 (Unaudited) HK\$'000	31st March, 2009 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		86,901	94,249
Investment properties		32,603	23,550
Interests in associates		293,429	226,427
Available-for-sale investments		39,967	41,339
Prepaid lease payments		19,279	19,534
		<u>472,179</u>	<u>405,099</u>
CURRENT ASSETS			
Inventories		83,594	84,062
Trade debtors	9	74,588	69,025
Other debtors, deposits and prepayments		42,526	41,821
Financial assets at fair value through profit or loss		148,913	90,706
Cash and cash equivalents		272,259	229,413
		<u>621,880</u>	<u>515,027</u>
CURRENT LIABILITIES			
Trade creditors	10	7,420	2,270
Other creditors and accruals		29,769	16,904
Tax liabilities		36,448	30,817
		<u>73,637</u>	<u>49,991</u>
NET CURRENT ASSETS		<u>548,243</u>	<u>465,036</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,020,422</u>	<u>870,135</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		2,632	2,422
Convertible notes		61,883	70,787
		<u>64,515</u>	<u>73,209</u>
		<u>955,907</u>	<u>796,926</u>
CAPITAL AND RESERVES			
Share capital		144,537	140,691
Reserves		799,859	643,921
Shareholders' equity		<u>944,396</u>	<u>784,612</u>
Minority interests		11,511	12,314
		<u>955,907</u>	<u>796,926</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th September, 2009

1. BASIS OF PREPARATION

The unaudited condensed financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (HKAS 34) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“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 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 Hong Kong Institute of Certified Public Accountants with effect from the beginning of current accounting period:

HKFRSs (Amendments)	Improvements to HKFRSs
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment - Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation

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.

Except as described below, the accounting policies applied in the condensed financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st March, 2009.

HKAS 1 (Revised) – Presentation of Financial Statements

HKAS 1 (Revised) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (Revised) has had no impact on the reported results or financial position of the Group.

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 “Operating Segments” with effect from the beginning of current accounting period. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Management in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor standard (HKAS 14 “Segment Reporting”) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity’s system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments.

In prior years, the Group’s primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group’s reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14, nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

For management purposes, the Group is currently organised into four operating divisions, namely rice operation, securities investment, property investment and corporate and others. These divisions are the basis on which the Group reports its operating segment information.

Principal activities are as follows:

Rice operation	— sourcing, importing, wholesaling, processing, packaging, marketing and distribution of rice
Securities investment	— investments in equity and debt securities
Property investment	— property investment and development
Corporate and others	— corporate income and expenses and other investments

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, 2009

	Rice operation HK\$’000	Securities investment HK\$’000	Property investment HK\$’000	Corporate and others HK\$’000	Consolidated HK\$’000
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
Minority interests					(829)
					<u>159,005</u>

3. SEGMENT INFORMATION *(Continued)*

Income statement for the six months ended 30th September, 2008

	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>358,103</u>	<u>–</u>	<u>592</u>	<u>–</u>	<u>358,695</u>
RESULT					
Segment results	<u>28,933</u>	<u>(39,437)</u>	<u>(337)</u>	<u>(3,051)</u>	(13,892)
Finance costs					(1,980)
Share of results of associates	(7,292)	–	138	(51,680)	(58,834)
Impairment loss on interests in associate	(22,231)	–	–	–	(22,231)
Loss before taxation					(96,937)
Taxation					(2,006)
Loss for the period					<u>(98,943)</u>
Attributable to:					
Shareholders of the Company					(98,744)
Minority interests					(199)
					<u>(98,943)</u>

The total assets of the Group as at the interim report date do not differ significantly since the latest annual report date.

4. NET OTHER INCOME

	For the six months ended 30th September,	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000 As restated
Interest income	5,054	6,527
Dividend from listed available-for-sale investments and financial assets at fair value through profit or loss	845	3,488
Net realized gain/(loss) on disposal of financial assets:		
- Available-for-sale investments	(799)	4,600
- Financial assets at fair value through profit or loss	10,471	(6,378)
	<u>9,672</u>	<u>(1,778)</u>
Unrealized gain on derivative financial instruments	–	506
Impairment loss on loan receivable	–	(3,365)
Net gain on disposal of property, plant and equipment	113	6
Gain on disposal of an investment property	–	417
Net foreign exchange gain/(loss)	3,139	(2,831)
Sundry income	939	2,054
	<u>19,762</u>	<u>5,024</u>

5. PROFIT/(LOSS) BEFORE TAXATION

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

	For the six months ended 30th September,	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Depreciation and amortisation of property, plant and equipment	5,345	4,961
Amortisation of prepaid lease payments	260	260
Effective interest on convertible notes	<u>798</u>	<u>1,901</u>

6. TAXATION

	For the six months ended 30th September,	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	5,585	5,672
Other regions in the PRC	258	513
	<u>5,843</u>	<u>6,185</u>
Overprovision in prior years:		
Hong Kong	–	(2,856)
Other regions in the PRC	–	(1,200)
	<u>–</u>	<u>(4,056)</u>
Deferred tax	<u>210</u>	<u>(123)</u>
Taxation attributable to the Company and its subsidiaries	<u>6,053</u>	<u>2,006</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the period. Taxation arising from 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,	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interim dividend declared after the interim period end of 1.2 cents per share on 1,514,598,767 shares (2008: 1 cent per share on 1,406,906,460 shares)	<u>18,175</u>	<u>14,069</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,	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year:		
Approved and paid during the interim period	14,069	21,104
Additional final dividend payment for ordinary shares issued during the period	<u>385</u>	<u>–</u>
Total final dividend payment in respect of the previous financial year of 1 cent per share on 1,445,367,998 shares (2008: 1.5 cents per share on 1,406,906,460 shares)	<u>14,454</u>	<u>21,104</u>

8. EARNINGS/(LOSS) PER SHARE

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

	For the six months ended 30th September, 2009 (Unaudited) HK\$'000		2008 (Unaudited) HK\$'000	
Earnings/(loss) for the purpose of basic earnings/(loss) per share:				
Profit/(loss) for the period attributable to shareholders of the Company	159,834		(98,744)	
Effect of dilutive potential ordinary shares:				
Effective interest on convertible notes	798			
Earnings for the purpose of diluted earnings per share	160,632			
	For the six months ended 30th September, 2009 (Unaudited)		2008 (Unaudited)	
Number of shares:				
Weighted average number of shares for the purpose of basic earnings/(loss) per share	1,418,676,111		1,406,906,460	
Effect of dilutive potential ordinary shares:				
Convertible notes issued by the Company	65,021,864			
Weighted average number of shares for the purpose of diluted earnings per share	1,483,697,975			

No diluted loss per share had been presented for last period ended 30th September, 2008 as the exercise price of the Company's convertible notes was higher than the average market price of the Company's share for last 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 balance sheet date:

	30th September, 2009 (Unaudited) HK\$'000	31st March, 2009 (Audited) HK\$'000
Within 30 days	41,401	38,870
31-60 days	23,727	19,920
61-90 days	5,758	5,933
Over 90 days	3,702	4,302
	<u>74,588</u>	<u>69,025</u>

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

As at 30th September, 2009, trade debtors over 90 days amounted to HK\$3,702,000 (31st March, 2009: HK\$4,302,000) 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 balance sheet date:

	30th September, 2009 (Unaudited) HK\$'000	31st March, 2009 (Audited) HK\$'000
Within 30 days	7,358	1,798
31-60 days	2	412
Over 90 days	60	60
	<u>7,420</u>	<u>2,270</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\$272 million and outstanding convertible notes amounted to approximately HK\$61 million as at 30th September, 2009. With cash and other current assets of approximately HK\$621 million as at 30th September, 2009 as well as available banking facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

BUSINESS REVIEW AND PROSPECTS

I am pleased to report to the shareholders that for the six months ended 30th September 2009, the Group delivered an encouraging result with the profits attributable to the shareholders amounting to HK\$159,834,000. This encouraging performance was mainly attributable to the share of profits to the extent of approximately HK\$80 million from our Malaysia associate and the gains on the Group's financial assets while the global financial markets are on the way to recovery.

For the period under review, the operating environment for the core rice business in Hong Kong remained tough and challenging. The Group continued to face the keen competition among major supermarket chains and the volatility of rice cost. These challenges are likely to persist within the foreseeable future. To cope with these challenges, the Group continued to focus on maintaining stringent cost controls, enhancing operational efficiency and deepening its market penetration into distribution channels and exploring new ones, so as to sustain the profitability.

With regard to our business development in Vietnam, the Group is taking a cautious approach in pursuing its investment projects to capture the tremendous investment opportunities there. The long term prospect of Vietnam is promising given its steady economic growth, competitive labour costs and growing domestic market size. In June this year, we signed an agreement to build and transfer water distribution network in Vietnam. The development of this project is progressing well as planned.

As the global financial markets have started to stabilise since the beginning of the year, the Group's investment portfolio benefitted from the recovery of the markets and contributed favourably to the profits of the Group. We will continue to closely monitor the performance of the investment portfolio and are confident that the investment portfolio will deliver results and add value to the shareholders. At the Group treasury level, certain convertible noteholders exercised their conversion rights attached to the convertible notes issued in March 2009 to the extent of HK\$10 million and HK\$18 million in August and October this year respectively at the exercise price of HK\$0.26 per share. This has broadened the shareholder base and reinforced the capital strength. With the net cash position of HK\$272 million and a strong and solid balance sheet, the Group is well equipped to explore investment opportunities for future growth and better value for shareholders.

Looking ahead, the Group will continue to focus on our core business, our investments and our new business. The Group anticipates an overall satisfactory performance for this financial year, and has strong confidence in its long term prospects.

INTERIM DIVIDEND

The Directors have declared an interim dividend of 1.2 cents per share for the year ending 31st March, 2010 (2008/2009: 1 cent per share) to shareholders on the Register of Members of the Company on Friday, 8th January, 2010.

It is expected that cheques for the interim dividend will be despatched to those entitled thereto on or about Friday, 15th January, 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 4th January, 2010 to Friday, 8th January, 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 Registrars 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, 31st December, 2009.

EMPLOYEES AND REMUNERATION POLICY

The total number of employees for the Group is about 354.

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, 2009 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, 2009.

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 2009/2010 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, 17th December, 2009

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.