



# GOLDEN RESOURCES DEVELOPMENT INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 677)

## ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH, 2005

### SUMMARY OF RESULTS

The Directors of Golden Resources Development International Limited ("the Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries ("the Group") for the year ended 31st March, 2005 as follows:

### CONSOLIDATED INCOME STATEMENT

	Notes	2005 HK\$'000	2004 HK\$'000
TURNOVER	2	731,575	800,578
Cost of sales		(522,893)	(611,303)
GROSS PROFIT		208,682	189,275
Unrealised (loss)/gain on investments in securities		(62,906)	15,931
Surplus/(deficit) on revaluation of investment properties		3,600	(9,130)
Other income		20,575	13,322
Selling and distribution costs		(36,143)	(36,026)
Administrative expenses		(102,044)	(119,018)
Write-back of provision for receivables		11,772	–
Gain on disposal of investments in securities		3,551	–
Impairment loss recognised on investments in securities		(5,207)	(6,452)
PROFIT FROM OPERATIONS	3	41,880	47,902
Finance costs		(635)	(1,230)
Share of results of associates		(5,429)	3,327
(Amortisation of goodwill)/release of negative goodwill of an associate		(474)	581
Loss on disposal of an associate		(2,465)	–
Loss on partial disposal of an associate		(19,210)	–
Loss on deemed disposal of an associate		–	(9,465)
PROFIT BEFORE TAXATION		13,667	41,115
Taxation	4	(19,334)	(9,761)
(LOSS)/PROFIT AFTER TAXATION		(5,667)	31,354
Minority interests		(2,673)	6,672
NET (LOSS)/PROFIT FOR THE YEAR		(8,340)	38,026
DIVIDENDS	5	32,666	32,468
(LOSS)/EARNINGS PER SHARE	6		
– Basic		HK (0.6) cents	HK 2.9 cents
– Diluted		N/A	HK 2.9 cents

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2005

#### 1. IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards which are effective for accounting periods beginning on or after 1st January, 2005 ("new HKFRSs").

The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31st March, 2005. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

#### 2. BUSINESS AND GEOGRAPHICAL SEGMENTS

##### Business segments

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 primary segment information.

Segment information about these businesses is presented below:

**Income statement for the year ended 31st March, 2005**

	<b>Rice operation HK\$'000</b>	<b>Securities investment HK\$'000</b>	<b>Property investment HK\$'000</b>	<b>Corporate and others HK\$'000</b>	<b>Consolidated HK\$'000</b>
<b>TURNOVER</b>					
External sales	683,301	46,020	2,254	—	731,575
<b>RESULT</b>					
Segment results	84,176	(66,316)	19,483	4,537	41,880
Finance costs					(635)
Share of results of associates	(4,885)	—	(920)	376	(5,429)
Amortisation of goodwill of an associate	—	—	(474)	—	(474)
Loss on disposal of an associate	—	—	(2,465)	—	(2,465)
Loss on partial disposal of an associate	—	—	—	(19,210)	(19,210)
Profit before taxation					13,667
Taxation					(19,334)
Loss after taxation					(5,667)
Minority interests					(2,673)
Net loss for the year					(8,340)

**Income statement for the year ended 31st March, 2004**

	<b>Rice operation HK\$'000</b>	<b>Securities investment HK\$'000</b>	<b>Property investment HK\$'000</b>	<b>Corporate and others HK\$'000</b>	<b>Consolidated HK\$'000</b>
<b>TURNOVER</b>					
External sales	650,583	148,093	1,902	—	800,578
<b>RESULT</b>					
Segment results	45,576	12,698	(8,319)	(2,053)	47,902
Finance costs					(1,230)
Share of results of associates	(1,901)	11,194	(3,987)	(1,979)	3,327
Release of negative goodwill of an associate	—	—	—	581	581
Loss on deemed disposal of an associate	—	—	—	(9,465)	(9,465)
Profit before taxation					41,115
Taxation					(9,761)
Profit after taxation					31,354
Minority interests					6,672
Net profit for the year					38,026

**Geographical segments**

The Group's operations are located in Hong Kong, elsewhere in the People's Republic of China (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:

	<b>Turnover by geographical markets</b>	
	<b>2005 HK\$'000</b>	<b>2004 HK\$'000</b>
Hong Kong	620,904	649,363
Elsewhere in the PRC	100,005	104,325
Others	10,666	46,890
	<b>731,575</b>	<b>800,578</b>

**3. PROFIT FROM OPERATIONS**

The Group's profit from operations has been arrived at after charging/(crediting):

	<b>2005 HK\$'000</b>	<b>2004 HK\$'000</b>
Depreciation and amortisation of property, plant and equipment	11,573	13,127
Interest income	(12,787)	(9,844)
Dividend income from listed investments in securities	(1,750)	(955)

#### 4. TAXATION

	2005 HK\$'000	2004 HK\$'000
Current tax:		
Hong Kong	19,131	10,176
Other regions in the PRC	53	282
	<u>19,184</u>	<u>10,458</u>
(Over)/underprovision in prior years:		
Hong Kong	(25)	171
Other regions in the PRC	37	125
	<u>12</u>	<u>296</u>
Deferred tax:		
Current year	(281)	(1,186)
Attributable to a change in tax rate	–	269
	<u>(281)</u>	<u>(917)</u>
Taxation attributable to the Company and its subsidiaries	18,915	9,837
Share of taxation charge/(credit) attributable to associates	419	(76)
	<u>19,334</u>	<u>9,761</u>

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for the year.

Taxation arising in other regions in the PRC is calculated in accordance with the relevant laws of the PRC.

#### 5. DIVIDENDS

	2005 HK\$'000	2004 HK\$'000
Interim dividend paid of 1.25 cents per share on 1,306,026,460 shares (2004: 1.25 cents per share on 1,295,425,460 shares)	16,325	16,193
Final dividend proposed of 1.25 cents per share on 1,306,906,460 shares (2004: 1.25 cents per share on 1,301,901,460 shares)	16,336	16,274
Adjustment of final dividend for prior year resulting from exercise of share options	5	1
	<u>32,666</u>	<u>32,468</u>

The final dividend of 1.25 cents per share for the year ended 31st March, 2005 has been proposed by the directors and is subject to approval by the shareholders at the forthcoming Annual General Meeting.

#### 6. (LOSS)/EARNINGS PER SHARE

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

	2005 HK\$'000	2004 HK\$'000
(Loss)/earnings for the purposes of both basic and diluted (loss)/earnings per share	<u>(8,340)</u>	<u>38,026</u>
Number of shares:		
Weighted average number of shares for the purpose of basic (loss)/earnings per share	<u>1,303,882,638</u>	1,294,861,635
Effect of dilutive potential shares – Options		17,518,799
Weighted average number of shares for the purpose of diluted earnings per share		<u>1,312,380,434</u>
Diluted loss per share for the year has not been presented as the conversion of potential ordinary shares to ordinary shares would have anti-dilutive effect to the basic loss per share.		

#### LIQUIDITY AND FINANCIAL RESOURCES

The Group has cash balance of HK\$224 million and bank loans of HK\$22 million as at 31st March, 2005. With cash and other current assets of HK\$669 million as at 31st March, 2005 as well as available banking facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

#### BUSINESS REVIEW AND PROSPECTS

During the year under review, our rice core business in Hong Kong market has been performing satisfactorily. We continue to secure our market leadership position, while at the same time maintain strict cost controls. We have been implementing effective marketing initiatives and enhancing operational efficiencies so as to strengthen our brands and expand our competitive advantages. We are confident that our Hong Kong rice business will continue to sustain business growth in the years ahead.

The Group is dedicated to pursuing product excellence. We have won numerous awards in recognition of our high quality products and services. During the year, Golden Elephant Brand, our core brand, was awarded the “Hong Kong Top Brand Mark” by The Chinese Manufacturers’ Association of Hong Kong and “Superbrand Platinum” by Reader’s Digest for consecutive years. In addition, the Group was acknowledged as a “Caring Company” by the Hong Kong Council of Social Service in recognition of our participation in community services.

In China, our rice business continues to deepen the market penetration. Brand enhancement, product innovation and aggressive marketing have been implemented to enlarge the established platform and broaden business base. We are optimistic about the performance of this strategic market in the coming years.

The Group’s financial position is strong and healthy, with cash of about HK\$224 million on hand as at the year end. The Group’s established rice business continues to contribute strong and growing cash flow. With strong cash flow, we are financially better equipped to take advantage of suitable investment opportunities. We are taking prudent and cautious approach in managing our investment portfolio that it will enhance shareholders’ value in the long term.

Based on the strength of core business complemented by our strong financial background, we are confident that the Group can meet the opportunities and challenges ahead and will continue our business growth. We have full confidence in the future prospects of the Golden Resources Group.

## **FINAL DIVIDEND**

The directors have resolved to recommend payment of a final dividend of 1.25 cents per share (2004: 1.25 cents per share) for the year ended 31st March, 2005 to shareholders on the Register of Members of the Company on Tuesday, 30th August, 2005. Together with the interim dividend of 1.25 cents per share paid on Friday, 14th January, 2005, the total dividends for the year will be 2.5 cents per share (2004: 2.5 cents per share).

Subject to the approval of shareholders at the forthcoming Annual General Meeting, the dividend warrants will be dispatched to shareholders on or about Tuesday, 6th September, 2005.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Wednesday, 24th August, 2005 to Tuesday, 30th August, 2005, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars in Hong Kong, Standard Registrars Limited, Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on Tuesday, 23rd August, 2005.

## **EMPLOYEES AND REMUNERATION POLICY**

The total number of employees for the Group is about 424.

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.

## **CODE OF BEST PRACTICE**

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the financial year ended 31st March, 2005 except that the independent non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Bye-Laws.

## **AUDIT COMMITTEE**

The audit committee, comprising independent non-executive directors, Mr. Andrew LAM Ping Cheung, Mr. Leo CHAN Fai Yue and Mr. John WONG Yik Chung, 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 audited financial statements of the Group for the year ended 31st March, 2005.

## **COMPLIANCE WITH THE MODEL CODE**

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. 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 financial year ended 31st March, 2005.

## **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 year.

## **PUBLICATION OF RESULT ON THE STOCK EXCHANGE OF HONG KONG LIMITED'S WEBSITE**

All the financial and other related information of the Company required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules in force prior to 31st March, 2004, which remain applicable to results announcement in respect of accounting periods commencing before 1st July, 2004 under the transitional arrangements, will be published on The Stock Exchange of Hong Kong Limited's website in due course.

By Order of the Board  
**Golden Resources Development International Limited**  
**Alvin LAM Kwing Wai**  
Managing Director

Hong Kong, 12th July, 2005

*As at the date of this announcement, the executive directors of the Company are Mr. David LAM Kwing Chan (Chairman), Mr. Alvin LAM Kwing Wai (Managing Director), Madam Rosita YUEN LAM Kit Woo, Mr. Laurent LAM Kwing Chee and Mr. TSANG Siu Hung. The non-executive director of the Company is Madam LAM TSANG Suk Yee. The independent non-executive directors of the Company are Mr. Andrew LAM Ping Cheung, Mr. Leo CHAN Fai Yue and Mr. John WONG Yik Chung.*

"Please also refer to the published version of this announcement in The Standard."