



# GOLDEN RESOURCES DEVELOPMENT INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

## ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH, 2004

### 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, 2004 as follows:

### CONSOLIDATED INCOME STATEMENT

	Notes	2004 HK\$'000	2003 HK\$'000 (As restated)
Turnover	2	800,578	727,539
Cost of sales		(611,303)	(479,464)
Gross profit		189,275	248,075
Surplus (deficit) on revaluation of investments in securities		15,931	(7,573)
Deficit on revaluation of investment properties		(9,130)	(2,210)
Other operating income		13,322	13,774
Selling and distribution costs		(36,026)	(36,067)
Administrative expenses		(119,018)	(118,725)
Impairment loss recognised on investments in securities		(6,452)	(6,474)
Profit from operations	3	47,902	90,800
Finance costs		(1,230)	(1,120)
Share of results of associates		3,327	(28,064)
Release of negative goodwill of an associate		581	–
Loss on deemed disposal of an associate		(9,465)	(1,027)
Loss on disposal of a subsidiary		–	(1,135)
Profit before taxation		41,115	59,454
Income taxes	4	(9,761)	(10,745)
Profit after taxation		31,354	48,709
Minority interests		6,672	978
Net profit for the year		38,026	49,687
Dividends	5	32,468	35,569
Earnings per share	6		
– Basic		2.9 cents	3.8 cents
– Diluted		2.9 cents	3.8 cents

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31st March, 2004**

**1. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS**

In the current year, the Group has adopted, for the first time, the following Hong Kong Financial Reporting Standards (HKFRSs) issued by the Hong Kong Society of Accountants (HKSA), the term of HKFRS is inclusive of Statements of Standard Accounting Practice (SSAPs) and Interpretations approved by the HKSA:

SSAP 12 (Revised)                      Income taxes

**Income taxes**

In the current year, the Group has adopted SSAP 12 (Revised) “Income Taxes”. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. Comparative amounts for 2003 have been restated accordingly.

As a result of this change in policy, the balance of retained earnings at 1st April, 2002 has been increased by HK\$3,498,000, representing the cumulative effect of the change in policy on the results for periods prior to 1st April, 2002. The balance on the Group’s land and buildings revaluation reserve at 1st April, 2002 has been decreased by HK\$13,062,000, representing the deferred tax liability recognised in respect of the revaluation surplus on the Group’s land and buildings at that date. The change has resulted in an increase in the profit of HK\$408,000 for the year ended 31st March, 2004 (2003: HK\$373,000).

**2. BUSINESS AND GEOGRAPHICAL SEGMENTS**

**Business segments**

For management purposes, the Group is currently organised into five operating divisions, namely rice operation, warehouse 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, 2004**

	Rice operation HK\$'000	Warehouse operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
TURNOVER							
External sales	649,486	1,097	148,093	1,902	–	–	800,578
Inter-segment sales	–	24,530	–	–	–	(24,530)	–
Total	<u>649,486</u>	<u>25,627</u>	<u>148,093</u>	<u>1,902</u>	<u>–</u>	<u>(24,530)</u>	<u>800,578</u>

Inter-segment sales are charged at prevailing market prices.

**RESULT**

Segment results	<u>45,423</u>	<u>153</u>	<u>12,698</u>	<u>(8,319)</u>	<u>(2,053)</u>	<u>–</u>	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
Income taxes							(9,761)
Profit after taxation							31,354
Minority interests							6,672
Net profit for the year							<u>38,026</u>

**Income statement for the year ended 31st March, 2003, as restated**

	Rice operation HK\$'000	Warehouse operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
TURNOVER							
External sales	644,630	22,270	59,369	1,270	–	–	727,539
Inter-segment sales	–	13,351	–	–	–	(13,351)	–
Total	<u>644,630</u>	<u>35,621</u>	<u>59,369</u>	<u>1,270</u>	<u>–</u>	<u>(13,351)</u>	<u>727,539</u>

Inter-segment sales are charged at prevailing market prices.

**RESULT**

Segment results	<u>104,676</u>	<u>4,690</u>	<u>(16,326)</u>	<u>(1,556)</u>	<u>(684)</u>	<u>–</u>	90,800
Finance costs							(1,120)
Share of results of associates	(3,646)	–	(16,184)	(3,587)	(4,647)	–	(28,064)
Loss on disposal of a subsidiary	(1,135)	–	–	–	–	–	(1,135)
Loss on deemed disposal of an associate	–	–	–	–	(1,027)	–	(1,027)
Profit before taxation							59,454
Income taxes, as restated							(10,745)
Profit after taxation							48,709
Minority interests							978
Net profit for the year, as restated							<u>49,687</u>

## 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>2004</b>	<b>2003</b>
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Hong Kong	649,363	627,369
Elsewhere in the PRC	104,325	75,110
Others	46,890	25,060
	<u>800,578</u>	<u>727,539</u>

## 3. PROFIT FROM OPERATIONS

Profit from operations has been arrived at after charging (crediting):

	<b>2004</b>	<b>2003</b>
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Depreciation and amortisation of property, plant and equipment	13,127	13,248
Interest income	(9,844)	(8,644)
Dividend income from listed investments in securities	(955)	(716)
	<u>          </u>	<u>          </u>

## 4. INCOME TAXES

	<b>2004</b>	<b>2003</b>
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
		<b>(As restated)</b>
Current tax:		
Hong Kong	10,176	16,968
Other regions in the PRC	282	120
	<u>10,458</u>	<u>17,088</u>
Under(over)provision in prior years:		
Hong Kong	171	(6,801)
Other regions in the PRC	125	—
	<u>296</u>	<u>(6,801)</u>
Deferred tax:		
Current year	(1,186)	(286)
Attributable to a change in tax rate	269	—
	<u>(917)</u>	<u>(286)</u>
Taxation attributable to the Company and its subsidiaries	9,837	10,001
Share of taxation (credit) charge attributable to associates	(76)	744
	<u>9,761</u>	<u>10,745</u>

Hong Kong Profits Tax is calculated at 17.5% (2003: 16%) of the estimated assessable profit for the year. In June 2003, the Hong Kong Profits Tax rate was increased from 16% to 17.5% with effect from the 2003/2004 year of assessment. The effect of this increase has been reflected in the calculation of current and deferred tax balances at 31st March, 2004.

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

## 5. DIVIDENDS

	2004 HK\$'000	2003 HK\$'000
Interim dividend paid of 1.25 cents per share on 1,295,425,460 shares (2003: 1.5 cents per share on 1,292,570,460 shares)	16,193	19,389
Final dividend proposed of 1.25 cents per share on 1,301,901,460 shares (2003: 1.25 cents per share on 1,293,470,460 shares)	16,274	16,168
Adjustment of final dividend for prior year resulting from exercise of share options	1	12
	<u>32,468</u>	<u>35,569</u>

The final dividend of 1.25 cents per share for the year ended 31st March, 2004 has been proposed by the directors and is subject to approval by the shareholders at the forthcoming Annual General Meeting.

## 6. EARNINGS PER SHARE

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

	2004 HK\$'000	2003 HK\$'000 (As restated)
Earnings for the purposes of both basic and diluted earnings per share	<u>38,026</u>	<u>49,687</u>
	<b>2004</b>	<b>2003</b>
Number of shares:		
Weighted average number of shares for the purpose of basic earnings per share	1,294,861,635	1,292,029,381
Effect of dilutive potential shares – Options	<u>17,518,799</u>	<u>21,517,773</u>
Weighted average number of shares for the purpose of diluted earnings per share	<u>1,312,380,434</u>	<u>1,313,547,154</u>

## LIQUIDITY AND FINANCIAL RESOURCES

The Group has cash balance of HK\$98 million as at 31st March, 2004. As at 31st March, 2004, the Group had approximately HK\$22 million of bank loans, representing a decrease of HK\$8 million as compared with the amounts outstanding at 31st March, 2003. With cash and other current assets of HK\$576 million as at 31st March, 2004 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 business in the Mainland China has been performing satisfactorily. The strategic election of the Pearl River Delta region as the platform to penetrate the Mainland China rice market has begun to yield its results as evidenced by the growth in sales. We have focused marketing initiatives on building the brand and business base. Our customer base has been strengthening and expanding. We will continue to deepen the market penetration in order to tap into the major opportunities that lie ahead. We believe that the Mainland China is the heart of growth in the long term and we are confident that the strategic development of the Mainland China market will add tremendous value to the shareholders.

In Hong Kong, the rice industry remains in its consolidation process since the liberalization of the rice market at the beginning of the year 2003. The Group continues to maintain its market leadership position. To further strengthen our brands and reinforce our market leadership, we have been aggressively focusing efforts on improvements in sales performances, operational efficiency and supply chain management. The Group is confident that our Hong Kong rice business will continue to generate a consistent profit contribution to the Group.

The Group is committed to pursuing product excellence. Late last year, the Group obtained the renowned HACCP (Hazard Analysis and Critical Control Points) certification, a complete food safety management system. This serves to recognize our commitment to total customer satisfaction by delivering value-added products with quality service to our customers.

The Group continues to maintain strong cash position and prudent financial strategy with ample liquidity. With its cash-rich position and sound balance sheet, the Group is well poised to pursue quality investments when opportunities arise.

## **FINAL DIVIDEND**

The Directors have resolved to recommend payment of a final dividend of 1.25 cents per share (2003: 1.25 cents per share) for the year ended 31st March, 2004 to shareholders on the Register of Members of the Company on Thursday, 26th August, 2004. Together with the interim dividend of 1.25 cents per share paid on Friday, 16th January, 2004, the total dividends for the year will be 2.5 cents per share (2003: 2.75 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 Thursday, 2nd September, 2004.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Friday, 20th August, 2004 to Thursday, 26th August, 2004, 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, G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on Thursday, 19th August, 2004.

## **EMPLOYEES AND REMUNERATION POLICY**

The total number of employees for the Group is about 437.

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 throughout the financial year ended 31st March, 2004 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 Company has an audit committee which was established in accordance with the requirements of the Code of Best Practice, for the purpose of reviewing and supervising the Company's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company.

## **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.

## **DETAILED RESULTS ANNOUNCEMENT ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

Information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") will be published on the website of the Stock Exchange in due course.

The existing board of directors comprises five executive directors, namely Mr. David LAM Kwing Chan, Mr. Alvin LAM Kwing Wai, Madam Rosita YUEN LAM Kit Woo, Mr. Laurent LAM Kwing Chee and Mr. TSANG Siu Hung, one non-executive director, Madam LAM TSANG Suk Yee, and three independent non-executive directors, namely Mr. CHIU Ming Hung, Mr. Andrew LAM Ping Cheung and Mr. CHAN Fai Yue.

On behalf of the Board  
**Alvin LAM Kwing Wai**  
*Managing Director*

Hong Kong, 12th July, 2004

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