



GOLDEN RESOURCES DEVELOPMENT INTERNATIONAL LIMITED

金源米業國際有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 677)

2007/2008 INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2007

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, 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30th September,	
		2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
	Notes		
TURNOVER	3	358,396	307,224
Cost of sales		(273,230)	(229,403)
GROSS PROFIT		85,166	77,821
Net unrealised gain/(loss) on financial assets at fair value through profit or loss		37,157	(971)
Other income	4	46,333	20,949
Selling and distribution costs		(9,474)	(14,292)
Administrative expenses		(55,574)	(45,949)
Write-back of impairment loss recognised on assets upon disposal of a subsidiary		—	2,405
PROFIT FROM OPERATIONS	3,5	103,608	39,963
Finance costs		(113)	(328)
Share of results of associates		(7,028)	(6,430)
Gain on disposal of an associate		653	—
PROFIT BEFORE TAXATION		97,120	33,205
Taxation	6	(22,170)	(7,255)
PROFIT FOR THE PERIOD		74,950	25,950
Attributable to:			
Shareholders of the Company		74,619	25,397
Minority interests		331	553
		74,950	25,950
DIVIDEND	7	17,586	16,336
INTERIM DIVIDEND PER SHARE		1.25 cents	1.25 cents
Earnings per share	8		
- Basic		5.3 cents	1.9 cents
- Diluted		5.3 cents	1.9 cents

CONDENSED CONSOLIDATED BALANCE SHEET

		30th September, 2007 (Unaudited) HK\$'000	31st March, 2007 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		78,290	85,332
Investment properties		23,480	23,480
Interests in associates		175,766	182,417
Available-for-sale investments		143,467	131,840
Prepaid lease payments		19,929	20,084
		440,932	443,153
CURRENT ASSETS			
Inventories		70,741	66,170
Trade debtors	9	53,323	43,449
Other debtors, deposits and prepayments		51,499	106,040
Financial assets at fair value through profit or loss		192,143	150,009
Cash and cash equivalents		366,957	299,850
		734,663	665,518
CURRENT LIABILITIES			
Trade creditors	10	6,529	2,913
Other creditors and accruals		17,701	35,330
Tax liabilities		43,604	39,106
		67,834	77,349
NET CURRENT ASSETS		666,829	588,169
TOTAL ASSETS LESS CURRENT LIABILITIES		1,107,761	1,031,322
NON-CURRENT LIABILITIES			
Deferred tax liabilities		2,647	2,700
Advances from minority shareholders		1,915	9,313
		4,562	12,013
		1,103,199	1,019,309
CAPITAL AND RESERVES			
Share capital		140,691	140,691
Reserves		949,030	865,933
Shareholders' equity		1,089,721	1,006,624
Minority interests		13,478	12,685
		1,103,199	1,019,309

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th September, 2007

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.

The accounting policies used 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, 2007.

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

An analysis of the Group’s segment information by business and geographical segments is as follows:

Business segments

Income statement for the six months ended 30th September, 2007

	Rice operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
TURNOVER					
External sales	251,469	106,416	511	—	358,396
RESULT					
Segment results	13,159	84,012	1,493	4,944	103,608
Finance costs					(113)
Share of results of associates	(1,339)	—	—	(5,689)	(7,028)
Gain on disposal of an associate	653	—	—	—	653
Profit before taxation					97,120
Taxation					(22,170)
Profit for the period					74,950
Attributable to:					
Shareholders of the Company					74,619
Minority interests					331
					74,950

3. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Income statement for the six months ended 30th September, 2006

	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>258,326</u>	<u>47,749</u>	<u>1,149</u>	<u>—</u>	<u>307,224</u>
RESULT					
Segment results	<u>22,183</u>	<u>13,342</u>	<u>(315)</u>	<u>4,753</u>	39,963
Finance costs					(328)
Share of results of associates	(1,761)	—	11	(4,680)	<u>(6,430)</u>
Profit before taxation					33,205
Taxation					<u>(7,255)</u>
Profit for the period					<u>25,950</u>
Attributable to:					
Shareholders of the Company					25,397
Minority interests					<u>553</u>
					<u>25,950</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:

	Turnover by geographical markets For the six months ended 30th September,	
	2007 (Unaudited) <i>HK\$'000</i>	2006 (Unaudited) <i>HK\$'000</i>
Hong Kong	278,538	245,387
Elsewhere in the PRC	66,030	46,568
Others	13,828	15,269
	<u>358,396</u>	<u>307,224</u>

4. OTHER INCOME

	For the six months ended 30th September,	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Interest income	11,631	9,440
Dividend income from listed available-for-sale investments and financial assets at fair value through profit or loss	1,767	1,008
Gain on disposal of available-for-sale investments	23,148	7,234
Gain on disposal of financial assets at fair value through profit or loss	4,298	371
Gain on disposal of property, plant and equipment	2,764	371
Net foreign exchange gains	—	562
Sundry income	2,725	1,963
	<u>46,333</u>	<u>20,949</u>

5. PROFIT FROM OPERATIONS

Profit from operations has been arrived at after charging:

	For the six months ended 30th September,	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Depreciation and amortisation of property, plant and equipment	5,074	4,996
Amortisation of prepaid lease payments	<u>254</u>	<u>251</u>

6. TAXATION

	For the six months ended 30th September,	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Current tax:		
Hong Kong	19,412	6,630
Other regions in the PRC	2,681	48
	<u>22,093</u>	<u>6,678</u>
Underprovision in prior years:		
Other regions in the PRC	130	—
Deferred tax	<u>(53)</u>	<u>577</u>
Taxation attributable to the Company and its subsidiaries	<u>22,170</u>	<u>7,255</u>

Hong Kong Profits Tax is calculated at 17.5% 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,	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Interim dividend declared after the interim period end of 1.25 cents per share on 1,406,906,460 shares (2006: 1.25 cents per share on 1,306,906,460 shares)	<u>17,586</u>	<u>16,336</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,	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the interim period, of 1.5 cents per share on 1,406,906,460 shares (2006: 1.25 cents per share on 1,306,906,460 shares)	<u>21,104</u>	<u>16,336</u>

8. EARNINGS PER SHARE

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

	For the six months ended 30th September, 2007 (Unaudited) HK\$'000		2006 (Unaudited) HK\$'000	
Earnings for the purposes of both basic and diluted earnings per share	74,619		25,397	
	For the six months ended 30th September, 2007 (Unaudited)		2006 (Unaudited)	
Number of shares:				
Weighted average number of shares for the purpose of basic earnings per share	1,406,906,460		1,306,906,460	
Effect of dilutive potential shares - Options	—		16,735,166	
Weighted average number of shares for the purpose of diluted earnings per share	1,406,906,460		1,323,641,626	

9. TRADE DEBTORS

The Group allows an average credit period of 30-60 days to its trade customers. The following is an aged analysis of trade debtors at the balance sheet date:

	30th September, 2007 (Unaudited) HK\$'000	31st March, 2007 (Audited) HK\$'000
Within 30 days	29,956	14,757
31-60 days	16,749	17,348
61-90 days	2,033	8,079
Over 90 days	4,585	3,265
	53,323	43,449

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

10. TRADE CREDITORS

The following is an aged analysis of trade creditors at the balance sheet date:

	30th September, 2007 (Unaudited) HK\$'000	31st March, 2007 (Audited) HK\$'000
Within 30 days	6,339	2,583
31-60 days	53	134
61-90 days	53	80
Over 90 days	84	116
	<u>6,529</u>	<u>2,913</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 HK\$366 million and no outstanding bank loans as at 30th September, 2007. With cash and other current assets of HK\$734 million as at 30th September, 2007 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 Hong Kong core rice business was increasingly challenging. The price competition of the major supermarket chains in the retail rice market remained fierce. This affected the performance of the Hong Kong rice business. We anticipate that the intense competition will continue to persist. To alleviate the impact on the Group's performance, we have been launching proactive and innovative marketing initiatives to widen our customer base in the retail rice market. In addition, we have also been aggressively expanding our rice business in the institutional rice market. To complement the organic growth in the institutional rice market, we are also actively pursuing merger and acquisition opportunities to augment its expansion potential. To sustain the profitability of the Group, we have been continuously carrying out cost control management so as to optimize the operational efficiency and to enhance the competitive advantages.

To clearly exhibit our commitment to the food safety and corporate social responsibility to the community, we have been accredited the "HACCP" and "ISO 9001" food safety and monitoring certifications, which is the first of its kind in the Hong Kong rice industry. We have also received the "Caring Company Logo" award from the Hong Kong Council of Social Service for the past three consecutive years, the "Q-Mark" award from the Federation of Hong Kong Industries for over fifteen years and the "Top 10 Favourite Brands" award from Wellcome Supermarket for the past two consecutive years. To help promote the environmental protection in our society, we have used the degradable plastic material made rice bag to package our rice, which is also the first of its kind in the Hong Kong rice business.

With admission to the World Trade Organisation in early 2007, Vietnam will benefit from the increasing foreign direct investments and the fast growing economy. We believe that Vietnam is offering tremendous business opportunities where we can diversify our business there to bring in new income streams to the Group. In June 2007, the Group entered into a memorandum of understanding with The People's Committee of Tien Giang Province, Vietnam whereby the Group has agreed to participate in the development of three infrastructure projects. In October 2007, we referred 139 Holdings Limited, to be renamed as GR Vietnam Holdings Ltd ("GR Vietnam") (SEHK: 0139), to the Vietnam partner to participate in the development in relation to the operation of convenience store, the provision of logistics services and the investment in a port in Vietnam. At the same time, through the subscription of shares in GR Vietnam, amounting to HK\$170,000,000, we have become its single largest substantial shareholder and indirectly participated in these projects so as to ensure that we will benefit from the favourable returns of these projects. The share subscription in GR Vietnam was partly financed by the issuance of convertible note to the extent of HK\$85,500,000. We are confident that the Group has laid solid foundation in Vietnam for business investment and development that will bring enormous economic benefits to the Group.

The financial position of the Group remains strong and healthy. As at the balance sheet date, our net cash position was approximately HK\$366 million. For the period under review, the Group reaped the benefit from the quality investment portfolio that the investment returns from the investment portfolio achieved good results and contributed favourably to the Group's performance. Despite the recent volatility of the investment markets subsequent to the period under review, we are confident that the well balanced and quality investment portfolio can deliver satisfactory returns to the Group and add value to the shareholders in the years to come.

INTERIM DIVIDEND

The Directors have declared an interim dividend of 1.25 cents per share for the year ending 31st March, 2008 (2006/2007: 1.25 cents per share) to shareholders on the Register of Members of the Company on Friday, 4th January, 2008.

It is expected that cheques for the interim dividend will be despatched to those entitled thereto on or about Friday, 11th January, 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 31st December, 2007 to Friday, 4th January, 2008, 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 Friday, 28th December, 2007.

EMPLOYEES AND REMUNERATION POLICY

The total number of employees for the Group is about 374.

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 has complied with the code provisions as set out in the Code of Corporate Governance Practices (the “Code”) contained in Appendix 14 of the Listing Rules throughout the six months ended 30th September, 2007 except for the following deviation:

Code provision A.4.1 of the Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. None of the existing independent non-executive directors of the Company is appointed for a specific term. However, in accordance with the Company’s Bye-Laws, at each annual general meeting, one-third of the directors shall retire from office by rotation and become eligible for re-election. As such, the Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the Code.

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, 2007.

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 2007/2008 interim report will be dispatched to shareholders and will be published on the aforementioned websites in due course.

BOARD OF DIRECTORS

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 independent non-executive directors of the Company are Mr. John WONG Yik Chung, Mr. Leo CHAN Fai Yue and Mr. Richard LAU Siu Sun.

On behalf of the Board
Alvin LAM Kwing Wai
Managing Director

Hong Kong, 10th December, 2007