



# GOLDEN RESOURCES DEVELOPMENT INTERNATIONAL LIMITED

## 金源米業國際有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 677)

### 2008/2009 INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2008

#### 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, 2008 as follows:

#### CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30th September,	
		2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000 As restated
	Notes		
TURNOVER	3	358,695	251,980
Cost of sales		(268,612)	(183,596)
GROSS PROFIT		90,083	68,384
Net unrealized (loss)/gain on financial assets at fair value through profit or loss		(45,893)	37,157
Unrealized gain on derivative financial instruments		506	—
Other operating income	4	17,092	63,115
Other operating loss	5	(9,743)	—
Selling and distribution costs		(16,597)	(9,474)
Administrative expenses		(49,340)	(55,574)
(LOSS)/PROFIT FROM OPERATIONS	3	(13,892)	103,608
Finance costs		(1,980)	(113)
Share of results of associates		(58,834)	(7,028)
Impairment loss on interests in associate		(22,231)	—
Gain on disposal of associate		—	653
(LOSS)/PROFIT BEFORE TAXATION	6	(96,937)	97,120
Taxation	7	(2,006)	(22,170)
(LOSS)/PROFIT FOR THE PERIOD		(98,943)	74,950
Attributable to:			
Shareholders of the Company		(98,744)	74,619
Minority interests		(199)	331
		(98,943)	74,950
DIVIDEND	8	14,069	17,586
INTERIM DIVIDEND PER SHARE		HK 1 cent	HK1.25 cents
(LOSS)/EARNINGS PER SHARE	9		
- Basic		HK(7.0) cents	HK5.3 cents
- Diluted		N/A	HK5.3 cents

## CONDENSED CONSOLIDATED BALANCE SHEET

		30th September, 2008 (Unaudited) HK\$'000	31st March, 2008 (Audited) HK\$'000
	Notes		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		70,938	75,414
Investment properties		24,610	27,890
Interests in associates		270,097	340,493
Available-for-sale investments		51,487	88,674
Prepaid lease payments		19,794	19,958
		<b>436,926</b>	<b>552,429</b>
<b>CURRENT ASSETS</b>			
Inventories		107,445	102,597
Trade debtors	10	65,849	56,826
Other debtors, deposits and prepayments		69,408	69,271
Financial assets at fair value through profit or loss		116,293	155,913
Cash and cash equivalents		213,235	221,819
		<b>572,230</b>	<b>606,426</b>
<b>CURRENT LIABILITIES</b>			
Trade creditors	11	4,779	6,875
Other creditors and accruals		18,585	19,491
Derivative financial instruments		1,134	3,017
Tax liabilities		28,978	29,879
		<b>53,476</b>	<b>59,262</b>
<b>NET CURRENT ASSETS</b>		<b>518,754</b>	<b>547,164</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>955,680</b>	<b>1,099,593</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		2,549	2,671
Convertible notes		86,401	86,210
		<b>88,950</b>	<b>88,881</b>
		<b>866,730</b>	<b>1,010,712</b>
<b>CAPITAL AND RESERVES</b>			
Share capital		140,691	140,691
Reserves		712,729	856,964
Shareholders' equity		853,420	997,655
Minority interests		13,310	13,057
		<b>866,730</b>	<b>1,010,712</b>

## **NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

*For the six months ended 30th September, 2008*

### **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, 2008.

In the current period, the Group has applied, for the first time, the following amendments and new interpretations (the “new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants, which are either effective for accounting periods beginning on or after 1 April 2008.

HKAS 39 and HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new HKFRSs had no significant impact on the Group’s unaudited interim condensed consolidated financial statements.

### 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, 2008*

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

### 3. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

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

	Rice operation <i>HK\$'000</i>	Securities investment <i>HK\$'000</i> As restated	Property investment <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i> As restated
<b>TURNOVER</b>					
External sales	<u>251,469</u>	<u>—</u>	<u>511</u>	<u>—</u>	<u>251,980</u>
<b>RESULT</b>					
Segment results	<u>13,159</u>	<u>84,012</u>	<u>1,493</u>	<u>4,944</u>	103,608
Finance costs					(113)
Share of results of associates	(1,339)	—	—	(5,689)	(7,028)
Gain on disposal of associate	653	—	—	—	653
Profit before taxation					97,120
Taxation					(22,170)
Profit for the period					<u>74,950</u>
Attributable to:					
Shareholders of the Company					74,619
Minority interests					331
					<u>74,950</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:

	<b>Turnover by geographical markets For the six months ended 30th September,</b>	
	<b>2008</b> <b>(Unaudited)</b> <b><i>HK\$'000</i></b>	<b>2007</b> <b>(Unaudited)</b> <b><i>HK\$'000</i></b> As restated
Hong Kong	305,402	210,212
Elsewhere in the PRC	42,473	38,453
Others	10,820	3,315
	<u>358,695</u>	<u>251,980</u>

#### 4. OTHER OPERATING INCOME

	For the six months ended 30th September,	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000 As restated
Interest income	6,527	11,631
Net realized gain on disposal of financial assets:		
- Available-for-sale investments	4,600	23,148
- Financial assets at fair value through profit or loss	—	21,080
	4,600	44,228
Dividend income from listed available-for-sale investments and financial assets at fair value through profit or loss	3,488	1,767
Gain on disposal of investment property	417	—
Net gain on disposal of property, plant and equipment	6	2,764
Sundry income	2,054	2,725
	17,092	63,115

#### 5. OTHER OPERATING LOSS

	For the six months ended 30th September,	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Net realized loss on disposal of financial assets at fair value through profit or loss	(6,378)	—
Impairment loss on loan receivable	(3,365)	—
	(9,743)	—

#### 6. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging:

	For the six months ended 30th September,	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Depreciation and amortisation of property, plant and equipment	4,961	5,074
Amortisation of prepaid lease payments	260	254
Effective interest on convertible notes	1,901	—

## 7. TAXATION

	For the six months ended 30th September,	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Current tax:		
Hong Kong	5,672	19,412
Other regions in the PRC	513	2,681
	<u>6,185</u>	<u>22,093</u>
(Over)/underprovision in prior years:		
Hong Kong	(2,856)	–
Other regions in the PRC	(1,200)	130
	<u>(4,056)</u>	<u>130</u>
Deferred tax	<u>(123)</u>	<u>(53)</u>
Taxation attributable to the Company and its subsidiaries	<u><u>2,006</u></u>	<u><u>22,170</u></u>

Hong Kong Profits Tax is calculated at 16.5% (2007:17.5%) 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.

## 8. DIVIDEND

- (a) Dividend attributable to the interim period:

	For the six months ended 30th September,	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Interim dividend declared after the interim period end of 1 cent per share on 1,406,906,460 shares (2007: 1.25 cents per share on 1,406,906,460 shares)	<u><u>14,069</u></u>	<u><u>17,586</u></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,	
	2008 (Unaudited) HK\$'000	2007 (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 (2007: 1.5 cents per share on 1,406,906,460 shares)	<u><u>21,104</u></u>	<u><u>21,104</u></u>

## 9. (LOSS)/EARNINGS PER SHARE

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

	<b>For the six months ended 30th September, 2008 (Unaudited) HK\$'000</b>		<b>2007 (Unaudited) HK\$'000</b>	
(Loss)/earnings for the purposes of both basic and diluted (loss)/earnings per share	<b><u>(98,744)</u></b>		<b><u>74,619</u></b>	
	<b>For the six months ended 30th September, 2008 (Unaudited)</b>		<b>2007 (Unaudited)</b>	
Number of shares:				
Weighted average number of shares for the purpose of both basic and diluted (loss)/earnings per share	<b><u>1,406,906,460</u></b>		<b><u>1,406,906,460</u></b>	

No diluted loss per share has been presented for the 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 the period.

## 10. 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:

	<b>30th September, 2008 (Unaudited) HK\$'000</b>	<b>31st March, 2008 (Audited) HK\$'000</b>
Within 30 days	<b>36,929</b>	32,465
31-60 days	<b>19,968</b>	14,442
61-90 days	<b>1,345</b>	6,250
Over 90 days	<b>7,607</b>	3,669
	<b><u>65,849</u></b>	<b><u>56,826</u></b>

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

As at 30th September, 2008, trade debtors over 90 days amounted to HK\$7,607,000 were past due but not impaired as the balances were related to debtors with sound repayment history and no recent history of default.



## 11. TRADE CREDITORS

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

	<b>30th September, 2008 (Unaudited) HK\$'000</b>	<b>31st March, 2008 (Audited) HK\$'000</b>
Within 30 days	<b>4,763</b>	6,749
31-60 days	<b>15</b>	36
61-90 days	–	85
Over 90 days	<b>1</b>	5
	<hr/> <b>4,779</b> <hr/>	<hr/> <b>6,875</b> <hr/>

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\$213 million and no outstanding bank loans as at 30th September, 2008. With cash and other current assets of HK\$572 million as at 30th September, 2008 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 Group remained focus on its core rice business. Hong Kong rice business continued to be challenging and competitive. The price competition from supermarket chains remained intense. The upsurge in rice costs had affected the profit margin of the rice business. The Group is operating its rice business in a difficult business environment. To embrace these challenges, the Group has been implementing effective procurement measures to alleviate the impact of the cost increase, striving hard on cost controls and improving operational efficiency so as to maintain the profitability of its rice business moderately.

The unprecedented "global financial tsunami" has adverse impact on the Group's investment portfolio. Our investment portfolio suffered loss of HK\$45,893,000 derived from the unrealised mark-to-market loss on the financial assets. With regards to the share of the results of associate, the Group's share of loss to the extent of HK\$43,650,000 was due to investment in GR Vietnam Holdings Limited ("GR Vietnam"). The loss of GR Vietnam was also mainly attributable to the unrealised mark-to-market loss on the financial assets. We believe that our investment portfolio will perform once the market conditions normalize. In addition, as a result of the Group's associate in Thailand suffering continuous losses for its rice operation, the Group considers that the recoverable amount of this investment is uncertain to determine. As such, an impairment loss is recognized on the investment in this associate.

Our investment projects in Vietnam are progressing as planned. Our Group's associate, GR Vietnam, has secured the franchise and license to operate the convenience store project exclusively in Vietnam. The operation of convenience store will be up and running soon. In the light of current market conditions, the Group will be cautious and prudent in pursuing its investment projects in Vietnam and we believe that we will be able to capitalise on this investment opportunity.

We are well prepared to manage the challenges ahead of us. With healthy financial strength, as evidenced by having over HK\$213 million cash on hand without any bank borrowings, coupled with steady core rice business operation cash inflows, the Group is adequately equipped to ride through this global financial tsunami. Against this backdrop, the management will continue to focus on achieving stable core rice business development so as to accomplish healthy growth in long run.

## **INTERIM DIVIDEND**

The Directors have declared an interim dividend of 1 cent per share for the year ending 31st March, 2009 (2007/2008: 1.25 cents per share) to shareholders on the Register of Members of the Company on Thursday, 8th January, 2009.

It is expected that cheques for the interim dividend will be despatched to those entitled thereto on or about Thursday, 15th January, 2009.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Friday, 2nd January, 2009 to Thursday, 8th January, 2009, 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 Wednesday, 31st December, 2008.

## **EMPLOYEES AND REMUNERATION POLICY**

The total number of employees for the Group is about 396.

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, 2008 except for the following deviation:

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 LAM Kwing Wai is the Chairman of the Board and the Managing Director of the Company. Given Mr. Alvin 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 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.

Code provision A.4.1 of the Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. All of the independent non-executive directors of the Company were not appointed for a specific term until 31st July, 2008. Since 1st August, 2008, all of the independent non-executive directors have been appointed for a specific term and are subject to retirement by rotation once every three years and are subject to re-election.

## **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, 2008.

## **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](http://www.hkex.com.hk)) as well as the website of the Company ([www.grdil.com](http://www.grdil.com)). The 2008/2009 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 LAM Kwing Wai**  
*Chairman*

Hong Kong, 10th December, 2008

*As at the date of this announcement, the executive directors of the Company are Mr. Alvin LAM Kwing Wai (Chairman and Managing Director), Madam Rosita YUEN LAM Kit Woo, Mr. Laurent LAM Kwing Chee, Mr. Anthony LAM Sai Ho 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.*