



# GOLDEN RESOURCES DEVELOPMENT INTERNATIONAL LIMITED

## 金源米業國際有限公司

(Incorporated in Bermuda with limited liability)  
(Stock Code: 677)

### 2006/2007 INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2006

#### 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, 2006 as follows:

#### CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30th September,	
		2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
	<i>Notes</i>		
TURNOVER	3	307,224	316,010
Cost of sales		(229,403)	(211,908)
GROSS PROFIT		77,821	104,102
Net unrealised loss on financial assets at fair value through profit or loss		(971)	(5,364)
Other income	4	20,949	8,912
Selling and distribution costs		(14,292)	(13,180)
Administrative expenses		(45,949)	(50,038)
Write-back of impairment loss recognised on assets upon disposal of a subsidiary		2,405	—
PROFIT FROM OPERATIONS	3,5	39,963	44,432
Finance costs		(328)	(85)
Share of results of associates		(6,430)	(358)
Gain on disposal of an associate		—	14,179
PROFIT BEFORE TAXATION		33,205	58,168
Taxation	6	(7,255)	(9,255)
PROFIT FOR THE PERIOD		25,950	48,913
Attributable to:			
Shareholders of the Company		25,397	48,750
Minority interests		553	163
		25,950	48,913
DIVIDEND	7	16,336	16,336
INTERIM DIVIDEND PER SHARE		1.25 cents	1.25 cents
Earnings per share	8		
— Basic		1.9 cents	3.7 cents
— Diluted		1.9 cents	3.7 cents

## CONDENSED CONSOLIDATED BALANCE SHEET

		30th September, 2006 (Unaudited) HK\$'000	31st March, 2006 (Audited) HK\$'000
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		87,916	92,707
Investment properties		47,900	47,900
Interests in associates		176,856	163,751
Available-for-sale investments		130,346	143,048
Prepaid lease payments		20,119	20,370
		<u>463,137</u>	<u>467,776</u>
<b>CURRENT ASSETS</b>			
Inventories		55,972	63,583
Trade debtors	9	53,093	50,498
Other debtors, deposits and prepayments		130,982	124,062
Financial assets at fair value through profit or loss		96,233	107,642
Cash and cash equivalents		221,652	217,710
		<u>557,932</u>	<u>563,495</u>
<b>CURRENT LIABILITIES</b>			
Trade creditors	10	4,666	4,713
Other creditors and accruals		40,867	39,765
Tax liabilities		25,768	28,679
Bank loans		9,174	14,679
		<u>80,475</u>	<u>87,836</u>
<b>NET CURRENT ASSETS</b>		<u>477,457</u>	<u>475,659</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>940,594</u>	<u>943,435</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		2,680	2,103
Advances from minority shareholders		11,236	11,238
		<u>13,916</u>	<u>13,341</u>
		<u>926,678</u>	<u>930,094</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		130,691	130,691
Reserves		783,171	787,135
Shareholders' equity		913,862	917,826
Minority interests		12,816	12,268
		<u>926,678</u>	<u>930,094</u>

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th September, 2006

### 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, 2006.

## 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, 2006*

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

#### *Income statement for the six months ended 30th September, 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	<u>307,875</u>	<u>6,921</u>	<u>1,214</u>	<u>—</u>	<u>316,010</u>
<b>RESULT</b>					
Segment results	<u>42,875</u>	<u>(1,280)</u>	<u>570</u>	<u>2,267</u>	<u>44,432</u>
Finance costs					(85)
Share of results of associates	(1,027)	—	(34)	703	<u>(358)</u>
Gain on disposal of an associate	—	—	—	14,179	<u>14,179</u>
Profit before taxation					<u>58,168</u>
Taxation					<u>(9,255)</u>
Profit for the period					<u>48,913</u>
Attributable to:					
Shareholders of the Company					<u>48,750</u>
Minority interests					<u>163</u>
					<u>48,913</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>2006</b>	<b>2005</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong	<b>245,387</b>	280,318
Elsewhere in the PRC	<b>46,568</b>	33,794
Others	<b>15,269</b>	1,898
	<b><u>307,224</u></b>	<b><u>316,010</u></b>
<b>4. Other income</b>		
	<b>For the six months ended 30th September,</b>	
	<b>2006</b>	<b>2005</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest income	<b>9,440</b>	5,390
Dividend income from listed available-for-sale investments	<b>1,008</b>	899
Gain on disposal of available-for-sale investments	<b>7,234</b>	2,081
Gain on disposal of financial assets at fair value through profit or loss	<b>371</b>	—
Gain on disposal of property, plant and equipment	<b>371</b>	64
Net foreign exchange gains	<b>562</b>	—
Sundry income	<b>1,963</b>	478
	<b><u>20,949</u></b>	<b><u>8,912</u></b>
<b>5. Profit from operations</b>		
Profit from operations has been arrived at after charging:		
	<b>For the six months ended 30th September,</b>	
	<b>2006</b>	<b>2005</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Depreciation and amortisation of property, plant and equipment	<b>4,996</b>	4,236
Amortisation of prepaid lease payments	<b>251</b>	247
	<b><u>5,247</u></b>	<b><u>4,483</u></b>

## 6. Taxation

	For the six months ended 30th September,	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Current tax:		
Hong Kong	6,630	8,775
Other regions in the PRC	48	19
	<u>6,678</u>	<u>8,794</u>
Underprovision in prior years:		
Hong Kong	—	427
Other regions in the PRC	—	39
	<u>—</u>	<u>466</u>
Deferred tax	577	(5)
Taxation attributable to the Company and its subsidiaries	<u>7,255</u>	<u>9,255</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,	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Interim dividend declared after the interim period end of 1.25 cents per share on 1,306,906,460 shares (2005: 1.25 cents per share on 1,306,906,460 shares)	<u>16,336</u>	<u>16,336</u>

The interim dividend declared after the interim period end has not been recognized 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,	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the interim period, of 1.25 cents per share on 1,306,906,460 shares (2005: 1.25 cents per share on 1,306,906,460 shares)	<u>16,336</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,	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Earnings for the purposes of both basic and diluted earnings per share	<u>25,397</u>	<u>48,750</u>

	<b>For the six months ended 30th September,</b>	
	<b>2006</b>	2005
	<b>(Unaudited)</b>	(Unaudited)
Number of shares:		
Weighted average number of shares for the purpose of basic earnings per share	<b>1,306,906,460</b>	1,306,906,460
Effect of dilutive potential shares		
— Options	<u><b>16,735,166</b></u>	<u>16,993,848</u>
Weighted average number of shares for the purpose of diluted earnings per share	<u><b>1,323,641,626</b></u>	<u>1,323,900,308</u>

## 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:

	<b>30th September, 2006</b>	31st March, 2006
	<b>(Unaudited)</b>	(Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	<b>23,010</b>	25,406
31-60 days	<b>19,236</b>	8,883
61-90 days	<b>4,067</b>	7,633
Over 90 days	<u><b>6,780</b></u>	<u>8,576</u>
	<u><b>53,093</b></u>	<u>50,498</u>

## 10. Trade creditors

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

	<b>30th September, 2006</b>	31st March, 2006
	<b>(Unaudited)</b>	(Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	<b>3,240</b>	362
31-60 days	<b>295</b>	565
61-90 days	<b>19</b>	253
Over 90 days	<u><b>1,112</b></u>	<u>3,533</u>
	<u><b>4,666</b></u>	<u>4,713</u>

## LIQUIDITY AND FINANCIAL RESOURCES

The Group had cash balance of HK\$221 million and bank loans of HK\$9 million as at 30th September, 2006. With cash and other current assets of HK\$557 million as at 30th September, 2006 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's Hong Kong core rice business performed as anticipated. The business environment in respect of retail rice market remains challenging. The price competition is still fierce and there is no sign that such price competition may subside. To face the challenges ahead, the Group will pursue a market-driven and customer-oriented strategy by focusing on product development, marketing and brand building so as to maintain our market leading position in the Hong Kong retail market. The Group will also continue to maintain disciplined cost control to achieve higher operational efficiency. In the meantime, the Group has been taking proactive approach in expanding our core rice business in the institutional rice market. Aggressive and innovative marketing

initiatives and promotional campaigns have been implemented to widen and broaden our customer base. The Group is confident that our market share in the institutional rice market will continue to expand.

Golden Resources is conscious of conducting our business in a socially responsible manner. We believe that corporate social responsibility not only balances the interests of the communities in which we operate with the interests of our shareholders, but also serves as the pursuit of product excellence. Our Group was awarded “The Caring Company Logo” by the Hong Kong Council of Social Service in the past consecutive three years in recognition of our efforts to demonstrate good corporate citizenship. Besides, our Group’ Golden Elephant Brand has become the pioneer in launching degradable plastic rice bag. This new rice bag is more environmentally friendly and would help to promote environmental protection in our society. In addition, as accredited with “HACCP” and “ISO9001” on food safety and monitoring system, it is evidenced that Golden Resources is committed to pursuing product excellence.

The Group’s rice business in the Mainland China has been developing as expected. The Group believes that we have constructed a strong foothold in this market of tremendous potentials for long term sustainable growth.

The financial position of the Group continues to remain healthy and strong. Together with our net cash position of over HK\$221 million and our strong balance sheet, the Group is confident that we are perfectly positioned to exploit any investment opportunities of exceptional value.

## **INTERIM DIVIDEND**

The Directors have declared an interim dividend of 1.25 cents per share for the year ending 31st March, 2007 (2005/2006: 1.25 cents per share) to shareholders on the Register of Members of the Company on Friday, 5th January, 2007.

It is expected that cheques for the interim dividend will be despatched to those entitled thereto on or about Friday, 12th January, 2007.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Tuesday, 2nd January, 2007 to Friday, 5th January, 2007, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Share Registrars in Hong Kong, Standard Registrars Limited, 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong not later than 4:00 p.m. on Friday, 29th December, 2006.

## **EMPLOYEES AND REMUNERATION POLICY**

The total number of employees for the Group is about 394.

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, 2006 except for the following deviations:

Under note 1 of code provision A.3 of the Code, every board of directors of a listed issuer must include at least three independent non-executive directors. Mr. Andrew LAM Ping Cheung resigned as independent non-executive director, member of audit committee and remuneration committee on 21st June, 2006 resulting that the number of independent non-executive directors and audit committee members of the Company fell below the minimum number required under rules 3.10(1) and 3.21 of the Listing Rules. On 9th August, 2006, Mr. Richard LAU Siu Sun (“Mr. Lau”) was appointed as

independent non-executive director, audit committee and remuneration committee members of the Company. Following the appointment of Mr. Lau, the Company has the requisite number (being three) of independent non-executive directors and the requisite number (being three) of members of the audit committee of the Company pursuant to rules 3.10(1) and 3.21 of the Listing Rules respectively. The Company fell short of one independent non-executive director and audit committee member during the period from 21st June, 2006 to 9th August, 2006.

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, 2006.

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

All information pertaining to the interim results of the Group for the six months ended 30th September, 2006 required by Appendix 16 of the Listing Rules will also be published on the website of The Stock Exchange of Hong Kong Limited 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, 6th December, 2006

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