



# GOLDEN RESOURCES DEVELOPMENT INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 677)

## 2004/2005 INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2004

### 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, 2004 as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30th September,	
		2004 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000
Turnover	3	335,357	435,453
Cost of sales		(242,614)	(352,932)
Gross profit		92,743	82,521
(Deficit) surplus on revaluation of investments in securities		(57,566)	8,291
Other operating income	4	16,850	3,865
Selling and distribution costs		(15,361)	(15,347)
Administrative expenses		(48,091)	(55,942)
(Loss) profit from operations	3, 5	(11,425)	23,388
Finance costs		(104)	(531)
Share of results of associates		(6,037)	7,151
Release of negative goodwill of an associate		194	–
Loss on partial disposal of an associate		(19,302)	–
(Loss) profit before taxation		(36,674)	30,008
Income taxes	6	(7,376)	(4,811)
(Loss) profit after taxation		(44,050)	25,197
Minority interests		(258)	1,404
Net (loss) profit for the period		(44,308)	26,601
Dividend	7	16,318	16,194
Interim dividend per share		1.25 cents	1.25 cents
(Loss) earnings per share	8		
– Basic		(3.4) cents	2.1 cents
– Diluted		N/A	2.0 cents

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th September, 2004

#### 1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants 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 ("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 and investments in securities.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st March, 2004.

#### 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, 2004

	Rice operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
<b>TURNOVER</b>					
External sales	327,592	6,670	1,095	–	335,357
<b>RESULT</b>					
Segment results	28,952	(52,938)	1,326	11,235	(11,425)
Finance costs					(104)
Share of results of associates	(2,583)	–	(254)	(3,200)	(6,037)
Release of negative goodwill of an associate				194	194
Loss on partial disposal of an associate				(19,302)	(19,302)
Loss before taxation					(36,674)
Income taxes					(7,376)
Loss after taxation					(44,050)
Minority interests					(258)
Net loss for the period					(44,308)

## Income statement for the six months ended 30th September, 2003

	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
<b>TURNOVER</b>							
External sales	311,409	879	122,478	687	–	–	435,453
Inter-segment sales	–	11,634	–	–	–	(11,634)	–
Total	311,409	12,513	122,478	687	–	(11,634)	435,453
Inter-segment sales are charged at prevailing market prices.							
<b>RESULT</b>							
Segment results	20,148	76	2,802	(706)	1,068	–	23,388
Finance costs							(531)
Share of results of associates	(727)	–	5,330	(18)	2,566	–	7,151
Profit before taxation							30,008
Income taxes							(4,811)
Profit after taxation							25,197
Minority interests							1,404
Net profit for the period							26,601

## 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,	
	2004 HK\$'000	2003 HK\$'000
Hong Kong	288,108	361,257
Elsewhere in the PRC	45,146	36,748
Others	2,103	37,448
	335,357	435,453

## 4. OTHER OPERATING INCOME

	For the six months ended 30th September,	
	2004 HK\$'000	2003 HK\$'000
Provision for long-term receivable written back	10,417	–
Profit on disposal of an investment property	890	–
Interest income	3,300	2,613
Dividend income from listed investments in securities	794	467
Sundry income	1,449	785
	16,850	3,865

## 5. (LOSS) PROFIT FROM OPERATIONS

(Loss) profit from operations has been arrived at after charging:

	For the six months ended 30th September,	
	2004 HK\$'000	2003 HK\$'000
Depreciation and amortisation of property, plant and equipment	6,023	6,707

## 6. INCOME TAXES

	For the six months ended 30th September, 2004 HK\$'000		2003 HK\$'000
Current tax:			
Hong Kong	7,427		4,291
Other regions in the PRC	99		78
	<u>7,526</u>		<u>4,369</u>
Underprovision in prior years:			
Other regions in the PRC	7		147
Deferred tax:			
Current year	(201)		(298)
Attributable to a change in tax rate	–		269
	<u>(201)</u>		<u>(29)</u>
Taxation attributable to the Company and its subsidiaries	7,332		4,487
Share of taxation attributable to associates	44		324
	<u>7,376</u>		<u>4,811</u>

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for the period. Taxation arising in other regions in the PRC is calculated in accordance with the relevant laws of the PRC.

## 7. DIVIDEND

	For the six months ended 30th September, 2004 HK\$'000		2003 HK\$'000
Interim dividend declared of 1.25 cents per share on 1,305,026,460 shares (2003: 1.25 cents per share on 1,295,425,460 shares)	16,313		16,193
Adjustment of final dividend for prior year resulting from exercise of share options	5		1
	<u>16,318</u>		<u>16,194</u>

## 8. (LOSS) EARNINGS PER SHARE

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

	For the six months ended 30th September, 2004 HK\$'000		2003 HK\$'000
(Loss) earnings for the purposes of both basic and diluted (loss) earnings per share	(44,308)		26,601
	<u>1,301,914,575</u>		<u>1,293,146,744</u>
Number of shares:			
Weighted average number of shares for the purpose of basic (loss) earnings per share			1,293,146,744
Effect of dilutive potential shares – Options			9,412,478
Weighted average number of shares for the purpose of diluted earnings per share			<u>1,302,559,222</u>

Diluted loss per share for the six months ended 30th September, 2004 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\$154 million and bank loans of HK\$22 million as at 30th September, 2004. With cash and other current assets of HK\$587 million as at 30th September, 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

Hong Kong rice business has been performing satisfactorily. The Group continues to focus on improving operational efficiency, cost management and competitiveness. We recognize that in the long term, our well-recognized brands are the valuable assets for the Group. We have, therefore, been pursuing effective brand strategy to reinforce the brand loyalty so as to enhance our market leadership. During the period under review, Golden Elephant brand, our core brand, was elected “The Healthiest for Eating” brand in a favourite brand poll held by one of the leading supermarket chains in Hong Kong. Besides, the Group has also awarded the “Hong Kong Q-Mark Licence” consecutively in the past 10 years. The Group is committed to providing high quality and healthy products to consumers.

Our China rice business recorded growth in turnover for the first half of the financial year. Marketing initiatives have been implemented effectively to penetrate further the market. The Group is confident that with an enlarged platform, we are well positioned in the China market for healthy long-term sustainable growth and we are optimistic about the performance of this strategic market in the coming years.

The Group remains in a strong financial position with a cash balance of over HK\$150 million at the end of the period under review. Hong Kong rice business continues to provide a steady stream of operating cash inflows to the Group. With strong cash flow and balance sheet, the Group is well geared up to exploit any investment opportunities of good value.

## INTERIM DIVIDEND

The Directors have declared an interim dividend of 1.25 cents per share for the year ending 31st March, 2005 (2003/2004: 1.25 cents per share) to shareholders on the Register of Members of the Company on Friday, 7th January, 2005.

It is expected that cheques for the interim dividend will be despatched to those entitled thereto on or about Friday, 14th January, 2005.

#### **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Monday, 3rd January, 2005 to Friday, 7th January, 2005, 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, G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, 31st December, 2004.

#### **EMPLOYEES AND REMUNERATION POLICY**

The total number of employees for the Group is about 439.

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.

#### **AUDIT COMMITTEE**

The audit committee comprising independent non-executive directors, Mr. CHIU Ming Hung, 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 unaudited financial statements of the Group for the six months ended 30th September, 2004.

#### **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 Listing Rules throughout the six months ended 30th September, 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.

#### **COMPLIANCE WITH THE MODEL CODE**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (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 review period.

#### **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.

#### **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 non-executive director of the Company is Madam LAM TSANG Suk Yee. The independent non-executive directors of the Company are Mr. CHIU Ming Hung, Mr. Andrew LAM Ping Cheung, Mr. Leo CHAN Fai Yue and Mr. John WONG Yik Chung.

#### **DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE**

All the financial and other related information of the Company required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules in force prior to 31st March, 2004, which remain applicable to results announcement in respect of accounting period commencing before 1st July, 2004 under the transitional arrangements, will be submitted for publication on the website of The Stock Exchange of Hong Kong Limited in due course.

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

Hong Kong, 9th December, 2004

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