

GOLDEN·RESOURCES

INTERIM REPORT 2011/2012



Golden Resources
Development International Limited

(Stock Code : 677)

Incorporated in Bermuda with Limited Liability

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, 2011 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	For the six months ended 30th September,	
		2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
TURNOVER	3	454,190	390,411
Cost of sales		(327,088)	(291,112)
GROSS PROFIT		127,102	99,299
Net unrealized (loss)/gain on financial assets at fair value through profit or loss		(49,921)	277
Net other income	4	12,598	6,825
Selling and distribution costs		(17,410)	(11,028)
Administrative expenses		(65,091)	(47,309)
PROFIT FROM OPERATIONS	3	7,278	48,064
Finance costs		(125)	(458)
Share of results of associates		(3,991)	1,127
Gain on disposal of an associate		—	54,313
PROFIT BEFORE TAXATION	5	3,162	103,046
Taxation	6	(7,554)	(7,913)
(LOSS)/PROFIT FOR THE PERIOD		(4,392)	95,133
(Loss)/profit attributable to:			
Shareholders of the Company		(5,738)	95,585
Non-controlling interests		1,346	(452)
		(4,392)	95,133
DIVIDEND	7	19,412	18,637
INTERIM DIVIDEND PER SHARE		HK1.2 cents	HK1.2 cents
(LOSS)/EARNINGS PER SHARE	8		
— Basic		HK(0.4) cents	HK6.2 cents
— Diluted		HK(0.4) cents	HK5.7 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended
30th September,
2011
(Unaudited)
HK\$'000

2010
(Unaudited)
HK\$'000

(LOSS)/PROFIT FOR THE PERIOD	(4,392)	95,133
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OTHER COMPREHENSIVE INCOME/ (LOSS)		
Deficit on revaluation of available-for-sale investments	(586)	(125)
Exchange differences on translation of foreign operations	4,897	3,140
Share of other comprehensive (loss)/income of associates	(758)	4,125
Exchange reserve and other reserves eliminated on disposal of an associate	—	756
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Other comprehensive income for the period, net of tax	3,553	7,896
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TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD	(839)	103,029
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Total comprehensive (loss)/income attributable to:		
Shareholders of the Company	(2,717)	102,927
Non-controlling interests	1,878	102
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	(839)	103,029
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30th September, 2011 (Unaudited) HK\$'000	31st March, 2011 (Audited) HK\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	81,320	84,907
Investment properties	64,457	64,457
Intangible asset	30,201	30,900
Interests in associates	240,804	238,687
Available-for-sale investments	45,210	45,554
Prepaid lease payments	18,536	18,690
	480,528	483,195
CURRENT ASSETS		
Inventories	118,433	127,390
Trade debtors	132,456	90,342
Other debtors, deposits and prepayments	57,564	52,659
Financial assets at fair value through profit or loss	200,082	229,411
Cash and cash equivalents	208,538	206,370
	717,073	706,172
CURRENT LIABILITIES		
Trade creditors	9,276	3,802
Other creditors and accruals	33,487	20,226
Derivative financial instruments	2,265	—
Tax liabilities	39,559	31,744
	84,587	55,772
NET CURRENT ASSETS	632,486	650,400
TOTAL ASSETS LESS CURRENT LIABILITIES	1,113,014	1,133,595
NON-CURRENT LIABILITIES		
Deferred tax liabilities	2,300	2,634
Convertible notes	17,942	34,237
	20,242	36,871
	1,092,772	1,096,724
CAPITAL AND RESERVES		
Share capital	161,768	155,306
Reserves	915,715	928,007
Shareholders' equity	1,077,483	1,083,313
Non-controlling interests	15,289	13,411
	1,092,772	1,096,724

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September, 2011

	Shareholders' equity												
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Convertible notes equity reserve HK\$'000	Investments revaluation reserve HK\$'000	Property revaluation reserve HK\$'000	Exchange reserve HK\$'000	Other reserves HK\$'000	Dividend reserve HK\$'000	Retained earnings HK\$'000	Total shareholders' equity HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1st April, 2011	155,306	428,125	515	1,037	(1,064)	5,128	56,186	471	18,637	418,972	1,083,313	13,411	1,096,724
Loss for the period	—	—	—	—	—	—	—	—	—	(5,738)	(5,738)	1,346	(4,392)
Other comprehensive income/(loss) for the period:													
Deficit on revaluation of available-for-sale investments	—	—	—	—	(586)	—	—	—	—	—	(586)	—	(586)
Exchange adjustments	—	—	—	—	—	—	4,365	—	—	—	4,365	532	4,897
Share of reserve movements of associates	—	—	—	—	—	—	589	(1,347)	—	—	(758)	—	(758)
Total comprehensive loss for the period	—	—	—	—	(586)	—	4,954	(1,347)	—	—	3,021	532	3,553
Issue of ordinary shares pursuant to conversion of convertible notes	6,462	10,338	—	(501)	—	—	4,954	(1,347)	—	(5,738)	(2,717)	1,878	(839)
Prior year final dividend paid	—	—	—	—	—	—	—	—	(18,637)	(775)	(19,412)	—	(19,412)
Interim dividend	—	—	—	—	—	—	—	—	19,412	(19,412)	—	—	—
At 30th September, 2011	161,768	438,463	515	536	(1,650)	5,128	61,140	(876)	19,412	393,047	1,077,483	15,289	1,092,772

For the six months ended 30th September, 2010

	Shareholders' equity												
	Share capital HK\$ '000	Share premium HK\$ '000	Capital redemption reserve HK\$ '000	Convertible notes equity reserve HK\$ '000	Investments revaluation reserve HK\$ '000	Property revaluation reserve HK\$ '000	Exchange reserve HK\$ '000	Other reserves HK\$ '000	Dividend reserve HK\$ '000	Retained earnings HK\$ '000	Total shareholders' equity HK\$ '000	Non-controlling interests HK\$ '000	Total HK\$ '000
At 1st April, 2010	153,383	425,048	515	1,186	(1,357)	5,128	45,505	13,326	18,406	309,812	970,952	12,169	983,121
Profit for the period	—	—	—	—	—	—	—	—	—	95,585	95,585	(452)	95,133
Other comprehensive income/(loss) for the period:													
Deficit on revaluation of available-for-sale investments	—	—	—	—	(125)	—	—	—	—	—	(125)	—	(125)
Exchange adjustments	—	—	—	—	—	—	2,586	—	—	—	2,586	554	3,140
Share of reserve movements of associates	—	—	—	—	—	—	3,837	288	—	—	4,125	—	4,125
Eliminated on disposal of an associate	—	—	—	—	—	—	352	404	—	—	756	—	756
	—	—	—	—	(125)	—	6,775	692	—	—	7,342	554	7,896
Total comprehensive income for the period	—	—	—	—	(125)	—	6,775	692	—	95,585	102,927	102	103,029
Eliminated on disposal of an associate	—	—	—	—	—	—	—	(13,750)	—	—	(13,750)	—	(13,750)
Issue of ordinary shares pursuant to conversion of convertible notes	1,923	3,077	—	(149)	—	—	—	—	—	—	4,851	—	4,851
Prior year final dividend paid	—	—	—	—	—	—	—	—	(18,406)	(231)	(18,637)	—	(18,637)
Interim dividend	—	—	—	—	—	—	—	—	18,637	(18,637)	—	—	—
At 30th September, 2010	155,306	428,125	515	1,037	(1,482)	5,128	52,280	268	18,637	386,529	1,046,343	12,271	1,058,614

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30th September,	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash generated from operating activities	28,769	3,655
Net cash (used in)/generated from investing activities	(6,792)	77,676
Net cash used in financing activities	(19,533)	(18,637)
Net increase in cash and cash equivalents	2,444	62,694
Cash and cash equivalents at 1st April	190,952	218,067
Effect of foreign exchange rate changes	363	1,796
Cash and cash equivalents at 30th September	193,759	282,557
Analysis of the balances of cash and cash equivalents		
Time deposits, bank balances and cash	208,538	321,383
Less: Pledged cash and cash equivalents	(14,779)	(38,826)
	193,759	282,557

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th September, 2011

1. BASIS OF PREPARATION

The unaudited condensed financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“the 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 unaudited 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, as appropriate.

In the current period, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations (the “new HKFRSs”) issued by the HKICPA with effect from the beginning of current accounting period:

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) — Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of these new HKFRSs had no material effect on the results and financial position of the Group for the current and/or prior accounting periods. Accordingly, no prior period adjustment has been required.

3. SEGMENT INFORMATION

An analysis of the Group's segment information by operating segments is as follows:

Operating segments

Income statement for the six months ended 30th September, 2011

	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	432,072	—	957	21,161	454,190
RESULT					
Segment results	51,754	(42,101)	(47)	(2,328)	7,278
Finance costs					(125)
Share of results of associates	2	—	376	(4,369)	(3,991)
Profit before taxation					3,162
Taxation					(7,554)
Loss for the period					(4,392)
(Loss)/profit attributable to:					
Shareholders of the Company					(5,738)
Non-controlling interests					1,346
					(4,392)

Segment assets and liabilities as at 30th September, 2011

	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>
ASSETS					
Segment assets	300,135	212,281	143,297	301,084	956,797
Interests in associates	11,694	—	84,738	144,372	240,804
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Consolidated total assets					1,197,601
					<hr/>
LIABILITIES					
Segment liabilities	37,506	2,265	603	22,596	62,970
Unallocated corporate liabilities					41,859
					<hr/>
Consolidated total liabilities					104,829
					<hr/>

Income statement for the six months ended 30th September, 2010

	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	389,690	—	721	—	390,411
RESULT					
Segment results	43,135	4,492	(946)	1,383	48,064
Finance costs					(458)
Share of results of associates	(106)	—	(43)	1,276	1,127
Gain on disposal of an associate	—	—	—	54,313	54,313
Profit before taxation					103,046
Taxation					(7,913)
Profit for the period					95,133
Profit/(loss) attributable to: Shareholders of the Company					95,585
Non-controlling interests					(452)
					95,133

Segment assets and liabilities as at 31st March, 2011

	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>
ASSETS					
Segment assets	272,337	241,783	143,932	292,628	950,680
Interests in associates	3,372	—	89,591	145,724	238,687
Consolidated total assets					1,189,367
LIABILITIES					
Segment liabilities	18,437	—	525	39,303	58,265
Unallocated corporate liabilities					34,378
Consolidated total liabilities					92,643

Geographical segments

The Group's operations are located in Hong Kong, elsewhere in 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,	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Hong Kong	342,222	333,282
Elsewhere in the PRC	93,337	49,404
Others	18,631	7,725
	454,190	390,411

4. NET OTHER INCOME

	For the six months ended	
	30th September,	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest income on:		
— Financial assets at fair value through profit or loss	6,575	4,674
— Financial assets not designated as at fair value through profit or loss	2,065	1,837
	8,640	6,511
Dividend from:		
— Listed available-for-sale investments	55	25
— Unlisted available-for-sale investments	761	—
— Listed financial assets at fair value through profit or loss	1,425	1,088
	2,241	1,113
Net realized gain/(loss) on disposals of financial assets at fair value through profit or loss	434	(1,793)
Net unrealized loss on derivative financial instruments	(2,265)	—
Net foreign exchange gain	1,041	713
Sundry income	2,507	871
Net realized loss on derivative financial instruments	—	(336)
Impairment loss on loan receivable	—	(300)
Net gain on disposal of property, plant and equipment	—	46
	12,598	6,825

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	For the six months ended 30th September,	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation and amortisation of property, plant and equipment	6,401	5,790
Amortisation of prepaid lease payments	264	260
Amortisation of intangible asset	699	—
Effective interest on convertible notes	125	458
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6. TAXATION

	For the six months ended 30th September,	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	7,826	8,137
Other regions in the PRC	62	206
	<hr/>	<hr/>
	7,888	8,343
Deferred tax	(334)	(430)
	<hr/>	<hr/>
Taxation attributable to the Company and its subsidiaries	7,554	7,913
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Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

7. DIVIDEND

- (a) Dividend attributable to the interim period:

	For the six months ended 30th September, 2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Interim dividend declared after the interim period end of 1.2 cents per share on 1,617,675,689 shares (2010: 1.2 cents per share on 1,553,060,305 shares)	19,412	18,637

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, 2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Final dividend in respect of the previous financial year:		
Approved and paid during the interim period	18,637	18,406
Additional final dividend payment for ordinary shares issued during the period	775	231
Total final dividend payment in respect of the previous financial year of 1.2 cents per share on 1,617,675,689 shares (2010: 1.2 cents per share on 1,553,060,305 shares)	19,412	18,637

8. (LOSS)/EARNINGS PER SHARE

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

	For the six months ended 30th September,	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
(Loss)/earnings for the purpose of basic (loss)/earnings per share:		
(Loss)/profit for the period attributable to shareholders of the Company	(5,738)	95,585
Effect of dilutive potential ordinary shares:		
Effective interest on convertible notes	—	458
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(Loss)/earnings for the purpose of diluted (loss)/earnings per share	(5,738)	96,043
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	For the six months ended 30th September,	
	2011	2010
	(Unaudited)	(Unaudited)
Number of shares:		
Weighted average number of shares for the purpose of basic (loss)/earnings per share	1,580,954,378	1,538,663,500
Effect of dilutive potential ordinary shares:		
Convertible notes issued by the Company	—	148,242,959
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Weighted average number of shares for the purpose of diluted (loss)/earnings per share	1,580,954,378	1,686,906,459
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The basic loss per share and diluted loss per share are the same for the period ended 30th September, 2011. The effect of any incremental shares from the assumed exercise of the Company's convertible notes outstanding as at 30th September, 2011 would be anti-dilutive and was not included in the calculation of diluted loss per share.

9. 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 end of the reporting period:

	30th September, 2011 (Unaudited) HK\$'000	31st March, 2011 (Audited) HK\$'000
Within 30 days	72,658	47,169
31-60 days	48,898	30,333
61-90 days	7,432	8,872
Over 90 days	3,468	3,968
	132,456	90,342

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

As at 30th September, 2011, trade debtors over 90 days amounted to HK\$3,468,000 (31st March, 2011: HK\$3,968,000) were past due but not impaired as the balances were related to debtors with sound repayment history and no recent history of default.

10. TRADE CREDITORS

The following is an aging analysis of trade creditors at the end of the reporting period:

	30th September, 2011 (Unaudited) HK\$'000	31st March, 2011 (Audited) HK\$'000
Within 30 days	7,873	3,608
31-60 days	1,275	107
61-90 days	36	66
Over 90 days	92	21
	9,276	3,802

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

11. SHARE CAPITAL

	Number of shares of HK\$0.10 each	<i>HK\$ '000</i>
Authorised:		
At 1st April, 2010, 31st March, 2011 and 30th September, 2011	3,000,000,000	300,000
Issued and fully paid:		
At 1st April, 2010	1,533,829,536	153,383
Issue of ordinary shares on 16th August, 2010 pursuant to the exercise of the conversion rights attached to the convertible note	19,230,769	1,923
At 31st March, 2011	1,553,060,305	155,306
Issue of ordinary shares on 14th July, 2011 pursuant to the exercise of the conversion rights attached to the convertible note	64,615,384	6,462
At 30th September, 2011	1,617,675,689	161,768

On 14th July, 2011, the convertible note with principal amount of HK\$16,800,000 was converted into the Company's shares at a conversion price of HK\$0.26 per share. The Company issued 64,615,384 ordinary shares during the period as a result of the share conversion.

On 16th August, 2010, the convertible note with principal amount of HK\$5,000,000 was converted into the Company's shares at a conversion price of HK\$0.26 per share. The Company issued 19,230,769 ordinary shares during last year ended 31st March, 2011 as a result of the share conversion.

All new shares issued during the period rank pari passu with all other existing shares outstanding at the date of issue.

12. RELATED PARTY TRANSACTIONS

During the period from 1st April, 2011 to 30th September, 2011, the Group had trade purchases from and services rendered to associates with net amount of approximately HK\$95,111,000 (2010: HK\$97,581,000). The trade purchases and services rendered were carried out in the ordinary course of business and at prices determined by reference to prevailing market price.

Remuneration for key management personnel

The remuneration of directors and other members of key management personnel during the period is as follows:

	For the six months ended 30th September,	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short-term employee benefits	9,435	6,857
Post-employment employee benefits	189	180
	9,624	7,037

The remuneration of directors and key management personnel is determined or proposed by the Remuneration Committee having regard to the performance of individuals and market trends.

Interests in associates included the balances of advances to associates of approximately HK\$172,190,000 as at 30th September, 2011 (31st March, 2011: HK\$165,230,000). The balances of advances to associates as at 30th September, 2011 were unsecured, interest-free and will not be repayable in the coming twelve months.

During the period from 1st April, 2011 to 30th September, 2011, the Group rented a property owned by a landlord in which the Director of the Company, Mr. Alvin Leslie LAM Kwing Wai, had a beneficial interest. Total rental expenses incurred for the period amounted to HK\$480,000 (2010: HK\$480,000).

13. COMMITMENTS AND CONTINGENT LIABILITIES

At the following reporting dates, the commitments and contingent liabilities not provided for in the financial statements are as follows:

	30th September, 2011 (Unaudited) HK\$'000	31st March, 2011 (Audited) HK\$'000
(a) Contracted capital commitments		
Acquisition of property, plant and equipment	5,584	6,332
Capital contribution for an available-for-sale investment	20,400	20,400
Capital contribution for a joint venture company	12,947	12,879
	38,931	39,611
(b) Contingent liabilities and financial guarantees issued		
Guarantees given in respect of banking facilities made available to associates	87,073	86,357

The extent of guaranteed banking facilities utilised by the associates as at 30th September, 2011 amounted to approximately HK\$39,323,000 (31st March, 2011: HK\$38,405,000).

At the above reporting dates, the Directors did not consider it probable that a claim would be made against the Group under any of the guarantees granted by the Group.

The Group has not recognised any deferred income in respect of the financial guarantee contracts granted as the Directors consider that the fair values of the financial guarantee contracts are not significant.

DISCLOSURES PURSUANT TO RULES 13.13 AND 13.16 OF THE LISTING RULES

Advances to entities under Rule 13.13 and financial assistance to and guarantees given for facilities granted to the Company's affiliated companies under Rule 13.16

The following table summarises the loans and guarantees granted by the Group to (i) entities which individually exceeded 8% of the relevant percentage ratios under Rule 13.13 of the Listing Rules as at 30th September, 2011 and (ii) the Company's affiliated companies which in aggregate exceeded 8% of the relevant percentage ratios under Rule 13.16 of the Listing Rules as at 30th September, 2011:

Affiliated companies	Attributable interest held by the Group %	Non-interest bearing advances (A) HK\$ '000	Guarantees given (B) HK\$ '000	Extent of guaranteed facilities utilised HK\$ '000	Aggregate of advances and guarantees given (A + B) HK\$ '000	Notes
(i) Dragon Fortune Ltd. and its subsidiaries						
Dragon Fortune Ltd.	28.00	72,176	—	—	72,176	<i>a</i>
Fortune Leader Investment Limited	28.00	—	24,920	2,520	24,920	<i>b</i>
Fortune Leader Overseas Chinese (Daiyawan) Investment Company Limited	22.40	—	34,105	34,105	34,105	<i>c</i>
Fortune Leader Overseas Chinese (Daiyawan) Real Estate Development Company Limited	22.40	—	12,278	2,698	12,278	<i>d</i>
Aggregate of Dragon Fortune Ltd. and its subsidiaries		72,176	71,303	39,323	143,479	<i>e</i>
(ii) Sirinumma Company Limited	40.00	10,596	15,770	—	26,366	<i>a, f</i>
(iii) Golden World Enterprises (Wuhan) Limited	25.50	1,282	—	—	1,282	<i>a</i>
(iv) Supreme Development Company Limited	41.16	1,439	—	—	1,439	<i>a</i>
(v) Starland Century Limited	37.50	87,979	—	—	87,979	<i>a</i>
Total		173,472	87,073	39,323	260,545	<i>g</i>

The proforma combined statement of financial position of the above affiliated companies, as attributable to the Group, as at 30th September, 2011 is as follows:

	<i>HK\$ '000</i>
Non-current assets	165,593
Current assets	214,418
Current liabilities	(63,360)
Net current assets	151,058
Non-current liabilities	(247,004)
Non-controlling interests	(18,316)
Shareholders' equity	51,331

Notes:

- (a) The advances were made as shareholder's loans to finance the investments or working capital of respective entity or affiliated company. The balances were interest-free, unsecured and repayable on demand.
- (b) The guarantees were given for loan facilities granted to Fortune Leader Investment Limited ("FL Investment"). FL Investment is a direct wholly-owned subsidiary of Dragon Fortune Ltd.
- (c) The guarantee was given for loan facilities granted to Fortune Leader Overseas Chinese (Daiyawan) Investment Company Limited ("FL Overseas"). FL Overseas is owned as to 80% by FL Investment and as to 20% by an Independent Third Party.
- (d) The guarantee was given for loan facilities granted to Fortune Leader Overseas Chinese (Daiyawan) Real Estate Development Company Limited ("FL Real Estate"). FL Real Estate is owned as to 80% by FL Investment and as to 20% by an Independent Third Party.
- (e) Aggregated pursuant to Rule 13.11(2)(c) of the Listing Rules.
- (f) The guarantee was given for banking facilities granted to respective entity or affiliated company.
- (g) Aggregated pursuant to Rule 13.16 of the Listing Rules.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had cash balance of approximately HK\$208 million and no outstanding bank loans except for convertible notes amounted to approximately HK\$18 million as at 30th September, 2011. With cash and other current assets of approximately HK\$717 million as at 30th September, 2011 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 recorded a net loss of approximately HK\$5,738,000 for the six months ended 30th September, 2011. The loss was attributable to the absence of significant one-time gain on disposal of an associate, and the unrealized loss arising from the fair value changes of the Group's financial assets as a result of the recent adverse global investment market conditions. The performance of our Group's core rice business remained stable and continued to contribute favourably to the Group's results.

In Hong Kong, the market conditions of our Group's core rice business remained competitive and challenging. The competition among major market operators continued to be tough. The raw rice cost has been creeping up steadily since early first half of this financial year and noticeably in the second half. The raw rice cost is expected to remain volatile in the remaining period of the second half. This has inevitably been fuelling great pressure on our profit margin. To combat the increase of raw rice cost, our Group has been proactively managing the procurement of raw rice in a timely and flexible manner so as to preserve the Group's profit margin. To alleviate the pressure from the intensifying market competition and the rising raw rice cost, our Group has continued to strive to implementing stringent cost control and streamlining the operation so as to enhance operation efficiency and to sustain the Group's profitability. The implementation of SAP Enterprise Resources Planning (ERP) system is progressing well as planned. The ERP system will enhance our Group's competitive edge, deliver better supply chain management and improve process integration so as to achieve effective cost control.

In Vietnam, our Circle K convenience store business made good progress in improving the store and operational productivity. We have been devoting considerable resources to optimising margin and pricing structure, expanding category management, increasing customer travel, enhancing quality customer service and building customer loyalty with aggressive marketing programmes. The Group will continue to focus on the expansion programme for the number of stores to achieve the critical mass. We have full confidence in the prospect of this business and believe that it will become the new income stream to the Group and add value to the shareholders. As regards to the development of the water distribution network project in Vietnam, we are currently negotiating with the Vietnam municipal government concerning the development of the project. The construction work of the Water project is currently suspended pending for the outcome of the negotiation with the Vietnam government.

The global investment market conditions erupted adversely since August this year, giving rise to uncertainty and volatility in the investment markets. This has brought negative impact on our Group's investment portfolio, resulting in unrealized loss on the changes in the fair value of our Group's financial assets for the period under review. As the investment markets are seen to become stabilise recently, the performance of our Group's investment portfolio has improved. We believe that our Group's investment portfolio is well balanced and it will generate stable and favourable return to our Group in the long term. On the financial position side, the Group continues to maintain a strong cash position and balance sheet with the Group's cash and bank balances of HK\$208 million as at 30th September, 2011. The Group remains well positioned to pursue and capitalise on any excellent investment opportunities which will arise.

We are optimistic about the prospect of the business development of the Group and will continue to implement business strategies to enhance the Group's value to add return to the shareholders.

INTERIM DIVIDEND

The Directors have declared an interim dividend of 1.2 cents per share for the year ending 31st March, 2012 (2010/2011: 1.2 cents per share) to the shareholders on the Register of Members of the Company at the close of business on Friday, 30th December, 2011.

It is expected that the interim dividend will be paid to the shareholders on or about Friday, 13th January, 2012.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 23rd December, 2011 to Friday, 30th December, 2011, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Standard Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 22nd December, 2011.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 30th September, 2011, the interests and short positions of the Directors and their associates in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in the Listing Rules, were as follows:

Long positions

(a) Ordinary shares of the Company

Name of director	Number of ordinary shares beneficially held in the Company				Approximate percentage of the issued share capital of the Company
	Personal interests	Family interests	Corporate interests	Total interests	
Mr. Alvin Leslie LAM Kwing Wai	17,500,000	6,000,000	—	23,500,000 (Note 1)	1.45%
Mr. Anthony LAM Sai Ho	—	—	7,350,000	7,350,000 (Note 2)	0.45%

Notes:

- These 23,500,000 shares are held by Mr. Alvin Leslie LAM Kwing Wai, a Director of the Company, as beneficial owner in respect of 17,500,000 shares and as family interests in respect of 6,000,000 shares.
- These 7,350,000 shares are held by Great Avenue Group Limited, a company which is 40% owned by Mr. Anthony LAM Sai Ho, a Director of the Company.

(b) Non-voting deferred shares of wholly-owned subsidiaries of the Company

Name of director	Name of subsidiary	Capacity	Number of non-voting deferred shares beneficially held
Mr. Alvin Leslie LAM Kwing Wai	Golden Resources Development Limited	Beneficial owner	260,000
Mr. Alvin Leslie LAM Kwing Wai	Yuen Loong & Company Limited	Beneficial owner	13,000
Mr. Anthony LAM Sai Ho	Golden Resources Development Limited	Interest in controlled corporation	260,000 <i>(Note)</i>
Mr. Anthony LAM Sai Ho	Yuen Loong & Company Limited	Interest in controlled corporation	13,000 <i>(Note)</i>

Note: These shares are held by Marvel City Holdings Limited, a company which is 40% owned by Mr. Anthony LAM Sai Ho, a Director of the Company.

(c) Ordinary shares of associates of the Company

Name of director	Name of associate	Capacity	Number of ordinary shares held through corporation
Mr. Laurent LAM Kwing Chee	Wellight Development Limited	Interest in controlled corporation	300 (Note)
Mr. Laurent LAM Kwing Chee	Starland Century Limited	Interest in controlled corporation	300 (Note)

Note: These shares are held by L.K.C. Company Limited, a company which is wholly-owned by Mr. Laurent LAM Kwing Chee, a Director of the Company.

Save as disclosed above, as at 30th September, 2011, none of the Directors nor their associates of the Company had or was deemed to have any interests or short positions in the shares or underlying shares of the Company or any of its associated corporations as recorded in the register that required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

The Company has adopted an employee share option scheme on 26th August, 2008 under which the Board may grant to eligible employees, including the Executive Directors, the officers and the full or part-time employees of the Company or its subsidiaries, options to subscribe for shares of the Company. No option was granted, exercised, lapsed or cancelled during the period or remained outstanding as at 30th September, 2011.

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate and neither the Directors nor the Chief Executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company.

SUBSTANTIAL SHAREHOLDERS

As at 30th September, 2011, the following persons, other than Directors or Chief Executives of the Company, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Number of shares held <i>(Note 1)</i>	Approximate percentage of the issued share capital of the Company
Yuen Loong International Limited ("Yuen Loong")	515,052,026	31.84% <i>(Note 2)</i>
Chelsey Developments Ltd. ("Chelsey")	265,240,000	16.40% <i>(Note 2)</i>

Notes:

1. These shares represent long positions.
2. Mr. Alvin Leslie LAM Kwing Wai, a Director of the Company, is a beneficiary of a discretionary trust which is interested in approximately 24% of the issued share capital of each of Yuen Loong and Chelsey. Mr. Laurent LAM Kwing Chee, a Director of the Company, is interested in approximately 15% of the issued share capital of each of Yuen Loong and Chelsey. Madam Rosita YUEN LAM Kit Woo, a Director of the Company, is interested in approximately 10% of the issued share capital of each of Yuen Loong and Chelsey. Mr. Anthony LAM Sai Ho, a Director of the Company, is interested in 40% of the issued share capital of Marvel City Holdings Limited which in turn is interested in approximately 24% of the issued share capital of each of Yuen Loong and Chelsey.

Save as disclosed above, as at 30th September, 2011, the Company had not been notified by any persons, other than Directors and Chief Executives of the Company, who had interests or short positions in the shares or underlying shares of the Company as recorded in the register that required to be kept by the Company pursuant to Section 336 of the SFO and/or were directly or indirectly interested in 5% or more of the nominal value of the share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

EMPLOYEES AND REMUNERATION POLICY

The total number of employees for the Group is about 627.

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 adopted all the code provisions in the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) as its own code on corporate governance practices. The Company has complied with the Code throughout the six months ended 30th September, 2011 except the following deviations:

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

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. Leo CHAN Fai Yue resigned as an Independent Non-executive Director, a member of the Audit Committee and the chairman and member of the Remuneration Committee of the Company on 14th July, 2011 resulting that the number of the Independent Non-executive Directors and the member of the Audit Committee of the Company fell below the minimum number required under Rules 3.10(1) and 3.21 of the Listing Rules. On 28th September, 2011, Mr. LAM Ping Cheung (“Mr. Lam”) was appointed as an Independent Non-executive Director and members of the Audit Committee and the Remuneration Committee of the Company. Following the appointment of Mr. Lam, the Company has three Independent Non-executive Directors and three members of the Audit Committee of the Company, being the requisite number of Independent Non-executive Directors and member of the Audit Committee of the Company pursuant to Rules 3.10(1) and 3.21 of the Listing Rules. The Company fell short of one Independent Non-executive Director and one Audit Committee member during the period from 14th July, 2011 to 28th September, 2011.

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. Richard LAU Siu Sun and Mr. LAM Ping Cheung, 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, 2011.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares for the six months ended 30th September, 2011.

BOARD OF DIRECTORS

During the period, Mr. Leo CHAN Fai Yue resigned as an Independent Non-executive Director and members of the Audit Committee and the Remuneration Committee of the Company on 14th July, 2011. On 28th September, 2011, Mr. LAM Ping Cheung was appointed as an Independent Non-executive Director and members of the Audit Committee and the Remuneration Committee of the Company.

As at the date of this report, the Executive Directors of the Company are Mr. Alvin Leslie LAM Kwing Wai (Chairman and Managing Director), Mr. Anthony LAM Sai Ho (Vice Chairman), 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. Richard LAU Siu Sun and Mr. LAM Ping Cheung.

On behalf of the Board
Golden Resources Development International Limited
Alvin Leslie LAM Kwing Wai
Chairman

Hong Kong, 24th November, 2011