

INTERIM REPORT 2016/2017



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, 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30th September,	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
	Notes		
REVENUE	3	525,457	490,159
Cost of sales		(350,956)	(340,244)
GROSS PROFIT		174,501	149,915
Net unrealized gain/(loss) on financial assets at fair value through profit or loss		8,910	(33,342)
Net other income/(loss)	4	19,389	(22,311)
Selling and distribution costs		(74,903)	(52,341)
Administrative expenses		(88,188)	(76,541)
Write-back of impairment loss on loan receivable		—	18,541
PROFIT/(LOSS) FROM OPERATIONS	3	39,709	(16,079)
Finance costs		(169)	(60)
Share of results of associates		(1,531)	3,665
PROFIT/(LOSS) BEFORE TAXATION	5	38,009	(12,474)
Taxation	6	(8,182)	(8,381)
PROFIT/(LOSS) FOR THE PERIOD		29,827	(20,855)
Profit/(loss) attributable to:			
Shareholders of the Company		32,780	(20,597)
Non-controlling interests		(2,953)	(258)
		29,827	(20,855)
EARNINGS/(LOSS) PER SHARE	8		
— Basic		HK1.9 cents	HK(1.2) cents
— Diluted		HK1.9 cents	HK(1.2) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30th September,	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT/(LOSS) FOR THE PERIOD	29,827	(20,855)
OTHER COMPREHENSIVE LOSS		
Items to be reclassified to profit or loss in subsequent periods:		
Deficit on revaluation of available-for-sale investments	—	(183)
Investments revaluation reserve realized on disposal of available-for-sale investments	1,202	—
Exchange differences on translation of foreign operations	(1,991)	(3,874)
Share of other comprehensive loss of associates	(690)	(9,243)
Other comprehensive loss for the period, net of tax	(1,479)	(13,300)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	28,348	(34,155)
Total comprehensive income/(loss) attributable to:		
Shareholders of the Company	31,923	(33,371)
Non-controlling interests	(3,575)	(784)
	28,348	(34,155)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30th September, 2016 (Unaudited) HK\$'000	31st March, 2016 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		121,942	106,747
Investment properties		146,715	79,760
Intangible asset		23,204	23,904
Interests in associates		147,563	152,302
Available-for-sale investments		29,968	31,626
Prepaid lease payments		15,717	16,086
		485,109	410,425
CURRENT ASSETS			
Inventories		111,999	139,361
Trade debtors	9	83,358	91,863
Other debtors, deposits and prepayments		50,654	62,755
Available-for-sale investments		21,254	15,072
Financial assets at fair value through profit or loss		302,335	375,649
Derivative financial instruments		—	2,549
Cash and cash equivalents		343,030	258,755
		912,630	946,004
CURRENT LIABILITIES			
Trade creditors	10	40,738	36,716
Other creditors and accruals		50,038	35,137
Bank loans		18,878	7,755
Tax liabilities		26,094	22,707
		135,748	102,315
NET CURRENT ASSETS		776,882	843,689
TOTAL ASSETS LESS CURRENT LIABILITIES		1,261,991	1,254,114
NON-CURRENT LIABILITIES			
Deferred tax liabilities		1,645	1,783
		1,260,346	1,252,331
CAPITAL AND RESERVES			
Share capital	11	169,441	169,441
Reserves		1,078,067	1,066,477
Shareholders' equity		1,247,508	1,235,918
Non-controlling interests		12,838	16,413
		1,260,346	1,252,331

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September, 2016

	Shareholders' equity										Total shareholders' equity HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Investments revaluation reserve HK\$'000	Property revaluation reserve HK\$'000	Exchange reserve HK\$'000	Share options reserve HK\$'000	Other reserves HK\$'000	Dividend reserve HK\$'000	Retained earnings HK\$'000			
At 1st April, 2016	169,441	452,173	515	(1,202)	5,128	31,487	526	(2,409)	20,333	559,926	1,233,918	16,413	1,252,331
Profit for the period	—	—	—	—	—	—	—	—	—	32,780	32,780	(2,953)	29,827
Other comprehensive loss for the period:													
Realized on disposal of available-for-sale investments	—	—	—	1,202	—	—	—	—	—	—	1,202	—	1,202
Exchange adjustments	—	—	—	—	—	(1,369)	—	—	—	—	(1,369)	(622)	(1,991)
Share of reserve movements of associates	—	—	—	—	—	(1,528)	—	838	—	—	(690)	—	(690)
	—	—	—	1,202	—	(2,897)	—	838	—	—	(857)	(622)	(1,479)
Total comprehensive income for the period	—	—	—	1,202	—	(2,897)	—	838	—	32,780	31,923	(3,575)	28,348
Prior year final dividend paid	—	—	—	—	—	—	—	—	(20,333)	—	(20,333)	—	(20,333)
Interim dividend	—	—	—	—	—	—	—	—	20,333	(20,333)	—	—	—
At 30th September, 2016	169,441	452,173	515	—	5,128	28,590	526	(1,571)	20,333	573,373	1,247,508	12,838	1,260,346

For the six months ended 30th September, 2015

	Shareholders' equity										Total shareholders' equity HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000		
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Capital revaluation reserve HK\$'000	Shareholders' equity				Share options reserve HK\$'000	Other reserves HK\$'000				Dividend reserve HK\$'000	Retained earnings HK\$'000
					Property revaluation reserve HK\$'000	Exchange reserve HK\$'000	Investments revaluation reserve HK\$'000	Shareholders' equity							
At 1st April, 2015	169,141	451,197	515	(1,175)	5,128	38,735	621	124	20,333	646,354	1,330,973	18,051	1,349,024		
Loss for the period	—	—	—	—	—	—	—	—	—	(20,597)	(20,597)	(258)	(20,855)		
Other comprehensive loss for the period:															
Deficit on revaluation of available-for-sale investments	—	—	—	(183)	—	—	—	—	—	—	—	—	(183)		
Exchange adjustments	—	—	—	—	—	(3,348)	—	—	—	—	—	—	(3,348)		
Share of reserve movements of associates	—	—	—	—	—	(6,549)	—	(2,694)	—	—	(9,243)	—	(9,243)		
	—	—	—	(183)	—	(9,897)	—	(2,694)	—	—	(12,774)	(526)	(13,300)		
Total comprehensive loss for the period	—	—	—	(183)	—	(9,897)	—	(2,694)	—	(20,597)	(33,371)	(784)	(34,155)		
Equity-settled share-based payment expense	—	—	—	—	—	—	45	—	—	—	45	—	45		
Issue of shares upon exercise of share options	300	976	—	—	—	—	(148)	—	—	—	1,128	—	1,128		
Dividend paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(55)	(55)		
Prior year final dividend paid	—	—	—	—	—	—	—	—	(20,333)	—	(20,333)	—	(20,333)		
Interim dividend	—	—	—	—	—	—	—	—	20,333	—	(20,333)	—	—		
At 30th September, 2015	169,141	452,173	515	(1,358)	5,128	28,838	518	(2,570)	20,333	605,424	1,278,442	18,012	1,296,454		

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30th September,	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash generated from operating activities	163,366	54,820
Net cash (used in)/generated from investing activities	(71,555)	8,344
Net cash used in financing activities	(9,369)	(19,321)
Net increase in cash and cash equivalents	82,442	43,843
Cash and cash equivalents at 1st April	245,857	161,200
Effect of foreign exchange rate changes	(1,503)	(1,145)
Cash and cash equivalents at 30th September	326,796	203,898
Analysis of the balances of cash and cash equivalents		
Time deposits, bank balances and cash (including pledged cash balance)	343,030	209,595
Less: Pledged cash and cash equivalents	(16,234)	(5,697)
	326,796	203,898

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th September, 2016

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 (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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 adopted the following amendments (the “new HKFRSs”) issued by the HKICPA, which are or have become effective for the Group’s financial year beginning on 1st April, 2016:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments)	Accounting for Acquisition of Interests in Joint Operations
HKAS 1 (Amendments)	Disclosure Initiative
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements

The adoption of these new HKFRSs has 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

Statement of profit or loss for the six months ended 30th September, 2016

	Rice operation HK\$'000	Convenience store operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
REVENUE						
External sales	375,341	148,840	—	1,276	—	525,457
RESULT						
Segment results	37,917	(22,882)	25,518	(318)	(526)	39,709
Finance costs						(169)
Share of results of associates	(168)	—	—	(398)	(965)	(1,531)
Profit before taxation						38,009
Taxation						(8,182)
Profit for the period						29,827
Profit attributable to:						
Shareholders of the Company						32,780
Non-controlling interests						(2,953)
						29,827

Segment assets and liabilities as at 30th September, 2016

	Rice operation HK\$'000	Convenience store operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
ASSETS						
Segment assets	211,096	139,770	324,732	217,917	356,661	1,250,176
Interests in associates	10,228	—	—	84,645	52,690	147,563
Consolidated total assets						<u>1,397,739</u>
LIABILITIES						
Segment liabilities	32,732	54,721	1	708	2,614	90,776
Unallocated corporate liabilities						<u>46,617</u>
Consolidated total liabilities						<u>137,393</u>

Statement of profit or loss for the six months ended 30th September, 2015

	Rice operation HK\$'000	Convenience store operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Total HK\$'000	Inter- segment elimination HK\$'000	Consolidated HK\$'000
REVENUE								
External sales	403,674	83,403	—	1,244	1,838	490,159	—	490,159
Inter-segment sales	5	—	—	—	—	5	(5)	—
Total sales	403,679	83,403	—	1,244	1,838	490,164	(5)	490,159
RESULT								
Segment results	48,134	(23,348)	(59,135)	181	18,089			(16,079)
Finance costs								(60)
Share of results of associates	8	—	—	320	3,337			3,665
Loss before taxation								(12,474)
Taxation								(8,381)
Loss for the period								<u>(20,855)</u>
Loss attributable to:								
Shareholders of the Company								(20,597)
Non-controlling interests								<u>(258)</u>
								<u>(20,855)</u>

Segment assets and liabilities as at 31st March, 2016

	Rice operation HK\$'000	Convenience store operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
ASSETS						
Segment assets	258,483	108,593	396,693	163,081	277,277	1,204,127
Interests in associates	12,920	—	—	85,703	53,679	152,302
Consolidated total assets						<u>1,356,429</u>
LIABILITIES						
Segment liabilities	32,724	35,813	1	572	2,743	71,853
Unallocated corporate liabilities						<u>32,245</u>
Consolidated total liabilities						<u>104,098</u>

Geographical segments

The Group's operations are located in Hong Kong, elsewhere in the PRC, Vietnam 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:

	Revenue by geographical markets	
	For the six months ended 30th September, 2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Hong Kong	338,515	364,983
Elsewhere in the PRC	31,558	35,101
Vietnam	148,840	83,403
Others	6,544	6,672
	<u>525,457</u>	<u>490,159</u>

4. NET OTHER INCOME/(LOSS)

	For the six months ended 30th September,	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Interest income on:		
— Financial assets at fair value through profit or loss	3,013	3,547
— Financial assets not designated as at fair value through profit or loss	1,716	1,644
	4,729	5,191
Dividend from:		
— Listed available-for-sale investments	41	100
— Unlisted available-for-sale investments	1,660	—
— Listed financial assets at fair value through profit or loss	2,214	2,560
	3,915	2,660
Net realized loss on disposal of available-for-sale investments	(632)	—
Net realized gain on disposal of financial assets at fair value through profit or loss	9,363	291
Net realized gain/(loss) on derivative financial instruments	1,451	(29,065)
Net unrealized loss on derivative financial instruments	—	(2,036)
Net foreign exchange loss	(1,228)	(2,961)
Net (loss)/gain on disposal of property, plant and equipment	(526)	223
Sundry income	2,317	3,386
	19,389	(22,311)

5. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging:

	For the six months ended 30th September,	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation and amortisation of property, plant and equipment	10,162	8,936
Amortisation of prepaid lease payments	262	266
Amortisation of intangible asset	700	700
Interests on bank loans wholly repayable within five years	169	60

6. TAXATION

	For the six months ended 30th September,	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	8,336	7,687
Other regions in the PRC	3	42
	8,339	7,729
(Overprovision)/underprovision in prior years:		
Hong Kong	2	506
Other regions in the PRC	(21)	(121)
	(19)	385
Deferred tax	(138)	267
Taxation attributable to the Company and its subsidiaries	8,182	8,381

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,	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interim dividend declared after the interim period end of HK1.2 cents per share on 1,694,406,458 shares (2015: HK1.2 cents per share on 1,694,406,458 shares)	20,333	20,333

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,	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the interim period, of HK1.2 cents per share on 1,694,406,458 shares (2015: HK1.2 cents per share on 1,694,406,458 shares)	20,333	20,333

8. EARNINGS/(LOSS) PER SHARE

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

	For the six months ended 30th September,	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share	32,780	(20,597)

	For the six months ended 30th September,	
	2016	2015
	(Unaudited)	(Unaudited)
Number of shares:		
Weighted average number of shares for the purpose of basic earnings/(loss) per share	1,694,406,458	1,693,860,010
Effect of dilutive potential ordinary shares:		
Share options	596,244	—

Weighted average number of shares for the purpose of diluted earnings/(loss) per share	1,695,002,702	1,693,860,010
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Diluted earnings per share for the period ended 30th September, 2016 is calculated by adjusting the weighted average number of ordinary shares to assume conversion of all dilutive potential ordinary shares. There is no significant dilutive effect for current period.

The basic loss per share and diluted loss per share were the same for last period ended 30th September, 2015. The effect of any incremental shares from the assumed exercise of the Company's share options outstanding as at 30th September, 2015 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 according to the delivery date:

	30th September, 2016 (Unaudited) HK\$'000	31st March, 2016 (Audited) HK\$'000
Within 30 days	51,544	47,419
31-60 days	23,540	29,130
61-90 days	5,855	12,673
Over 90 days	2,419	2,641
	83,358	91,863

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

As at 30th September, 2016, trade debtors over 90 days amounted to HK\$2,419,000 (31st March, 2016: HK\$2,641,000) 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, 2016 (Unaudited) HK\$'000	31st March, 2016 (Audited) HK\$'000
Within 30 days	37,432	34,213
31-60 days	2,375	2,277
61-90 days	198	174
Over 90 days	733	52
	40,738	36,716

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	HK\$'000
Authorised:		
At 1st April, 2015, 31st March, 2016 and 30th September, 2016	3,000,000,000	300,000
Issued and fully paid:		
At 1st April, 2015	1,691,406,458	169,141
Exercise of share options	3,000,000	300
At 31st March, 2016 and 30th September, 2016	1,694,406,458	169,441

There was no movement in issued share capital during the current period.

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

12. RELATED PARTY TRANSACTIONS

During the period, the Group entered into the following transactions with the associates and related parties, some of which are also deemed to be connected persons pursuant to the Listing Rules:

	For the six months ended 30th September,	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net amount of trade purchases from and sharing of administrative services on a cost basis with associates (<i>Notes a, b</i>)	31,320	70,511
Net amount of sharing of administrative services on a cost basis with related party (<i>Notes b, c</i>)	—	192

Notes:

- (a) The trade purchases were carried out in the ordinary course of business and at prices determined by reference to prevailing market price.
- (b) The costs of administrative services were allocated to the parties involved on a cost basis.
- (c) Related party is related to the Group as it is under the common control with a common director of the Company.

During the period from 1st April, 2016 to 30th September, 2016, 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. The tenancy agreement was terminated on 30th September, 2016. Total rental expenses incurred for the period amounted to HK\$480,000 (2015: HK\$480,000).

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,	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short-term employee benefits	10,361	10,087
Post-employment employee benefits	283	239
Share-based payment expense	—	18
	10,644	10,344

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\$86,158,000 as at 30th September, 2016 (31st March, 2016: HK\$86,158,000). The balances of advances to associates as at 30th September, 2016 were unsecured, interest-free and will not be repayable in the coming twelve months.

13. COMMITMENTS AND CONTINGENT LIABILITIES

At the end of the reporting period, the commitments and contingent liabilities not provided for in the financial statements are as follows:

	30th September, 2016 (Unaudited) HK\$'000	31st March, 2016 (Audited) HK\$'000
(a) Contracted capital commitments		
Acquisition of property, plant and equipment	3,229	58,955
Capital contribution for an available-for-sale investment	20,400	20,400
	23,629	79,355
(b) Contingent liabilities and financial guarantees issued		
Guarantees given in respect of banking facilities made available to:		
— associates	14,130	13,878

At the end of both reporting periods, the Group's associates had not utilized any of the banking facilities guaranteed by the Company.

At the end of the reporting period, 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 Directors consider that the fair values of these financial guarantees of the Group are insignificant and therefore no value has been recognised at the end of each reporting period.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had cash balance of approximately HK\$343 million and outstanding bank loans amounted to approximately HK\$18 million as at 30th September, 2016. With cash and other current assets of approximately HK\$912 million as at 30th September, 2016 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, we are pleased to report a net profit of HK\$32,780,000 for the six months ended 30th September, 2016 when compared with a net loss for the same period last year. Such turnaround from loss to profit was mainly attributable to the net unrealized and realized profit on financial assets at fair value through profit or loss and derivative financial instruments of approximately HK\$19,724,000, resulting from the improvement in the global financial markets in the first half of this financial year (2015: a loss of approximately HK\$64,152,000).

In Hong Kong, the rice business environment is competitive and tough. The competition among major chain stores is severe and the operating costs are on the rise. Despite these headwinds, we focus on cost efficiency to sustain profit margin and healthy business growth.

In Mainland China, the rice business environment is highly competitive and tough. The Group suffered losses for the last two financial years. We expect that this adverse business environment is likely to persist continuously. We have thoroughly reviewed and assessed the current business performance and consider that it is in the best interest of the Group to restructure the operations and suspend the rice plant in Mainland China, starting from the second half of the financial year. The Group anticipates that the costs in relation to the suspension of China rice plant are approximately HK\$10 million and have been fully provided for in the financial results for the six months ended 30th September, 2016.

In Vietnam, our Circle K convenience store business performed satisfactorily as planned. Vietnam tourist arrivals saw a healthy double digit year-on-year growth and the domestic retail market sentiment is robust. The Group achieved a strong double digit comparable store sales growth. Our store network expansion program is growing aggressively with a cautious pace so as to fortify the market position dominance and also to accelerate the reach of the critical mass. Having established a strong foothold in Ho Chi Minh City, we began to foray into Hanoi city and Vung Tau city. The sales are overwhelming and promising. As high growth potential is envisaged, we have put more efforts to branch out the store network expansion to other key cities and tourist attractions. At the same time, we stay focus on improving the store display format, widening the product spectrum, enriching product category and strengthening global procurement. Aggressive merchandising plans are launched to boost store traffic. The Hot-Food-Eat-In food service counter is solidly growing and the customer loyalty and



reward program are gaining traction. We strive to uphold our 4Fs (Fresh, Friendly, Fast and Full) customer service commitment to develop a customer centric culture and to pursue excellent customer services. Our CSL (Caring, Sharing and Learning) employee engagement program is playing a growing role for retaining the best talent in Circle K and making us as the most preferred employer. We believe that Circle K is the most preferred convenience store brand and the “Neighbourhood Store” in Vietnam.

As of 30th September, 2016, the Group had net cash and bank balances of HK\$343 million. Our balanced investment portfolio performed well in the period under review. The Group believes that this will contribute favourably to the Group’s results in the long run. With strict financial discipline in managing its core businesses and prudent capital management on all investment activities, the Group is well positioned to pursue favourable investment opportunities and to diversify our operations to generate stable and sustainable return to the shareholders. The Group’s result for the second half of the financial year is expected to be satisfactory and we are optimistic in the Group’s long term growth prospects.

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK1.2 cents per share for the year ending 31st March, 2017 (2015/2016: HK1.2 cents per share) to the shareholders on the Register of Members of the Company at the close of business on Friday, 23rd December, 2016.

It is expected that the interim dividend will be paid to the shareholders on or about Wednesday, 11th January, 2017.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 19th December, 2016 to Friday, 23rd December, 2016, 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, Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 16th December, 2016.

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

As at 30th September, 2016, 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 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	Corporate interests	Total interests	
Mr. Anthony LAM Sai Ho	—	7,350,000	7,350,000 (Note 1)	0.43%
Madam LAM Sai Mann	—	82,771,000	82,771,000 (Note 2)	4.88%
Mr. Dennis LAM Saihong	20,000,000	50,000,000	70,000,000 (Note 3)	4.13%
Mr. TSANG Siu Hung	2,500,000	—	2,500,000	0.15%

Notes:

- 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.
- These 82,771,000 shares are held by Joint Success Limited, a company which is wholly-owned by Madam LAM Sai Mann, a Director of the Company.
- Mr. Dennis LAM Saihong was appointed as a Non-executive Director of the Company on 6th September, 2016. These 70,000,000 shares are held by Mr. Dennis LAM Saihong, a Director of the Company, as beneficial owner in respect of 20,000,000 shares and 50,000,000 shares are held by Cheerful Group Holdings Limited, a company which is wholly-owned by Mr. Dennis LAM Saihong.

(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. Anthony LAM Sai Ho	Golden Resources Development Limited	Interest in controlled corporation	260,000 (Note)
Mr. Anthony LAM Sai Ho	Yuen Loong & Company Limited	Interest in controlled corporation	13,000 (Note)

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 associate of the Company**

Name of director	Name of associate	Capacity	Number of ordinary shares held through corporation
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.

(d) **Share options**

Name of director	Capacity	Number of options held	Number of underlying shares
Mr. TSANG Siu Hung	Beneficial owner	2,500,000	2,500,000

The details of the directors' personal interest in the underlying shares of the Company in respect of share options granted by the Company are stated in the following section "Share Options Granted to Directors and Employees".

Save as disclosed above, as at 30th September, 2016, 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.

SHARE OPTIONS GRANTED TO DIRECTORS AND EMPLOYEES

As at 30th September, 2016, details of share options granted to the Directors and employees under the existing share option scheme of the Company were as follows:

	Grant date	Validity period	Exercise price for one share (Note 1) HK\$	Balance outstanding at 1st April, 2016	Granted during the period	Exercised during the period	Balance outstanding at 30th September, 2016
Director							
Mr. TSANG Siu Hung	13th October, 2011	13th October, 2011 — 25th August, 2018 (Note 2)	0.41	2,500,000	—	—	2,500,000
Total				2,500,000	—	—	2,500,000
Employees							
	13th October, 2011	13th October, 2011 — 25th August, 2018 (Note 3)	0.41	4,000,000	—	—	4,000,000
	21st December, 2011	21st December, 2011 — 25th August, 2018 (Note 3)	0.376	3,000,000	—	—	3,000,000
Total				7,000,000	—	—	7,000,000
Grand Total				9,500,000	—	—	9,500,000

Notes:

- The exercise price of the share options to subscribe for one ordinary share is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
- The option to subscribe for ordinary share is exercisable during the validity period, subject to the vesting scale as follows:
 - up to 50% or partial exercise of the 5,000,000 ordinary shares exercisable after the 2nd year of the date of acceptance of the option; and
 - up to 100% or partial exercise of the 5,000,000 ordinary shares exercisable after the 4th year of the date of acceptance of the option.

3. The option to subscribe for ordinary share is exercisable during the validity period, subject to the vesting scale as follows:
- (i) up to 33.33% or partial exercise of the 6,000,000 ordinary shares exercisable after the 2nd year of the date of acceptance of the options; and
 - (ii) up to 66.67% or partial exercise of the 6,000,000 ordinary shares exercisable after the 3rd year of the date of acceptance of the options; and
 - (iii) up to 100% or partial exercise of the 6,000,000 ordinary shares exercisable after the 4th year of the date of acceptance of the options.

Save as disclosed above, none of the Directors nor their spouses or children under 18 years of age were granted or had exercised any rights to subscribe for any securities of the Company or any of its associated corporations.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed under the headings "Directors' Interests and Short Positions in the Shares and Underlying Shares" and "Share Options Granted to Directors and Employees" 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, 2016, 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")	548,052,026	32.34% <i>(Note 2)</i>
Chelsey Developments Ltd. ("Chelsey")	252,240,000	14.89% <i>(Note 2)</i>



Notes:

1. These shares represent long positions.
2. Mr. Laurent LAM Kwing Chee, a Director of the Company, is interested in approximately 18% of the issued share capital of each of Yuen Loong and Chelsey. Madam LAM Kit Woo, a Director of the Company, was interested in approximately 13% 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, 2016, the Company had not been notified by any persons, other than Directors or 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 2,263.

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 PRACTICES

The Company adopted all the code provisions in the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 to the Listing Rules as its own code on corporate governance. The Company has complied with the Code throughout the six months ended 30th September, 2016.

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 the Directors of the Company. 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.

CHANGES OF DIRECTORS' INFORMATION

Below are the changes of directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

1. Mr. Ronald YAN Mou Keung, Independent Non-executive Director of the Company, was awarded the Chief Executive's Commendation for Community Service on 1st July, 2016.
2. Mr. Alvin Leslie LAM Kwing Wai, the Chairman and an Executive Director of the Company, the member and also the chairman of the Nomination Committee and the member of the Remuneration Committee of the Company, passed away on 31st July, 2016.
3. Mr. Laurent LAM Kwing Chee ("Mr. LAM") was elected the Chairman of the Board and resigned as the Vice Chairman of the Company on 24th August, 2016. Mr. LAM was appointed as the member and also the chairman of the Nomination Committee and the member of the Remuneration Committee of the Company on 6th September, 2016.
4. Mr. Dennis LAM Saihong was appointed as the Non-executive Director of the Company on 6th September, 2016.
5. Mr. Michael YU Tat Chi, Independent Non-executive Director of the Company, has been appointed as an Independent Non-executive Director of Applied Development Holdings Limited (a listed company in Hong Kong, stock code: 519) on 14th September, 2016.
6. Mr. Anthony LAM Sai Ho was elected the Vice Chairman of the Board on 22nd September, 2016.
7. Madam LAM Kit Woo, the Executive Director and Treasurer of the Company passed away on 26th November, 2016.



AUDIT COMMITTEE

The audit committee comprising three Independent Non-executive Directors, Mr. Joseph LAM Yuen To, Mr. Michael YU Tat Chi and Mr. Ronald YAN Mou Keung, 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, 2016.

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, 2016.

BOARD OF DIRECTORS

As at the date of this report, the Executive Directors of the Company are Mr. Laurent LAM Kwing Chee (Chairman), Mr. Anthony LAM Sai Ho (Vice Chairman and Managing Director), Madam LAM Sai Mann and Mr. TSANG Siu Hung. The Non-executive Director of the Company is Mr. Dennis LAM Saihong. The Independent Non-executive Directors of the Company are Mr. Joseph LAM Yuen To, Mr. Michael YU Tat Chi and Mr. Ronald YAN Mou Keung.

On behalf of the Board
Golden Resources Development International Limited
Laurent LAM Kwing Chee
Chairman

Hong Kong, 29th November, 2016