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Interim Report 2018/2019



CIRCLE K



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, 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the six months ended 30th September,	
		2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
REVENUE	3	686,529	585,634
Cost of sales		(481,849)	(384,706)
GROSS PROFIT		204,680	200,928
Net unrealized gain on financial assets at fair value through profit or loss		2,996	9,975
Net other income	4	4,240	7,324
Selling and distribution costs		(133,561)	(112,160)
Administrative expenses		(81,792)	(78,686)
(LOSS)/PROFIT FROM OPERATIONS	3	(3,437)	27,381
Share of results of associates		(2,449)	14,258
Gain on disposal of a subsidiary		—	7,514
(LOSS)/PROFIT BEFORE TAXATION	5	(5,886)	49,153
Taxation	6	(3,697)	(8,282)
(LOSS)/PROFIT FOR THE PERIOD		(9,583)	40,871
(Loss)/profit attributable to:			
Shareholders of the Company		(9,511)	43,669
Non-controlling interests		(72)	(2,798)
		(9,583)	40,871
(LOSS)/EARNINGS PER SHARE	8		
— Basic		HK(0.6) cents	HK2.6 cents
— Diluted		N/A	HK2.6 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30th September,	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
(LOSS)/PROFIT FOR THE PERIOD	(9,583)	40,871
OTHER COMPREHENSIVE (LOSS)/INCOME		
Items to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(6,255)	489
Share of other comprehensive (loss)/income of associates	(1,881)	4,371
Other comprehensive (loss)/income for the period, net of tax	(8,136)	4,860
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(17,719)	45,731
Total comprehensive (loss)/income attributable to:		
Shareholders of the Company	(16,446)	47,921
Non-controlling interests	(1,273)	(2,190)
	(17,719)	45,731

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30th September, 2018 (Unaudited) HK\$'000	31st March, 2018 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		160,795	155,517
Investment properties		161,010	161,010
Intangible asset		22,505	22,505
Interests in associates		205,761	216,325
Financial assets at fair value through profit or loss		37,795	—
Available-for-sale investments		—	29,968
Prepaid lease payments		14,343	14,899
		602,209	600,224
CURRENT ASSETS			
Inventories		193,201	166,501
Trade debtors	9	73,861	58,680
Other debtors, deposits and prepayments		59,552	58,935
Financial assets at fair value through profit or loss		256,767	232,611
Cash and cash equivalents		246,842	310,872
		830,223	827,599
CURRENT LIABILITIES			
Trade creditors	10	83,643	49,711
Other creditors and accruals		73,450	64,316
Tax liabilities		10,244	10,096
		167,337	124,123
NET CURRENT ASSETS		662,886	703,476
TOTAL ASSETS LESS CURRENT LIABILITIES		1,265,095	1,303,700
NON-CURRENT LIABILITIES			
Deferred tax liabilities		2,458	2,975
		1,262,637	1,300,725
CAPITAL AND RESERVES			
Share capital	11	169,741	169,741
Reserves		1,085,066	1,121,881
Shareholders' equity		1,254,807	1,291,622
Non-controlling interests		7,830	9,103
		1,262,637	1,300,725

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September, 2018

	Shareholders' equity								Non-controlling interests HK\$'000	Total shareholders' equity HK\$'000	Total HK\$'000	
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption 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
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption 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, 2018	169,741	453,192	515	5,128	38,669	369	—	20,369	603,639	9,103	1,291,622	1,300,725
Loss for the period	—	—	—	—	—	—	—	—	(9,511)	(72)	(9,511)	(9,583)
Other comprehensive loss for the period:												
Exchange adjustments	—	—	—	—	(5,034)	—	—	—	—	—	(5,034)	(6,255)
Share of reserve movements of associates	—	—	—	—	(1,881)	—	—	—	—	—	(1,881)	(1,881)
	—	—	—	—	(6,935)	—	—	—	—	(1,201)	(6,935)	(8,136)
Total comprehensive loss for the period	—	—	—	—	(6,935)	—	—	—	(9,511)	(1,273)	(16,446)	(17,719)
Lapse of share option	—	—	—	—	—	(369)	—	—	369	—	—	—
Prior year final dividend paid	—	—	—	—	—	—	—	(20,369)	—	—	(20,369)	(20,369)
Interim dividend	—	—	—	—	—	—	—	18,671	(18,671)	—	—	—
At 30th September, 2018	169,741	453,192	515	5,128	31,734	—	—	18,671	575,826	7,830	1,254,807	1,262,637

For the six months ended 30th September, 2017

	Shareholders' equity											
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption 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	Total shareholders' equity HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1st April, 2017	169,541	452,498	515	5,128	24,044	477	(745)	20,345	579,010	1,250,813	10,671	1,261,484
Profit for the period	—	—	—	—	—	—	—	—	43,669	43,669	(2,798)	40,871
Other comprehensive income for the period:												
Exchange adjustments	—	—	—	—	(119)	—	—	—	—	(119)	608	489
Share of reserve movements of associates	—	—	—	—	4,155	—	216	—	—	4,371	—	4,371
	—	—	—	—	4,036	—	216	—	—	4,252	608	4,860
Total comprehensive income for the period	—	—	—	—	4,036	—	216	—	43,669	47,921	(2,190)	45,731
Prior year final dividend paid	—	—	—	—	—	—	—	(20,345)	—	(20,345)	—	(20,345)
Interim dividend	—	—	—	—	—	—	—	20,345	(20,345)	—	—	—
At 30th September, 2017	169,541	452,498	515	5,128	28,080	477	(529)	20,345	602,334	1,270,389	8,481	1,286,870

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30th September,	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Net cash (used in)/generated from operating activities	(23,935)	40,913
Net cash generated from/(used in) investing activities	3,957	(27,209)
Net cash used in financing activities	(20,368)	(20,345)
Net decrease in cash and cash equivalents	(40,346)	(6,641)
Cash and cash equivalents at 1st April	285,842	357,778
Effect of foreign exchange rate changes	(3,703)	1,861
Cash and cash equivalents at 30th September	241,793	352,998
Analysis of the balances of cash and cash equivalents		
Time deposits, bank balances and cash (including pledged cash balance)	246,842	369,100
Less: Pledged cash and cash equivalents	(5,049)	(16,102)
	241,793	352,998

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th September, 2018

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 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 new or revised standards and amendments (the “new HKFRSs”) issued by the HKICPA, which are or have become effective for the Group’s financial year beginning on 1st April, 2018:

HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HKAS 28 (Amendments)	As part of the Annual Improvements HKFRS 2014-2016 Cycle
HKAS 40 (Amendments)	Transfers of Investment Property
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration

The adoption of the new HKFRSs has had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods except for HKFRS 9 which will be explained below. Accordingly, no prior period adjustment has been required.

HKFRS 9 Financial Instruments replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1st January, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. The Group has applied HKFRS 9 retrospectively to items that existed at 1st April, 2018 in accordance with the transition requirements. The carrying amount of HK\$29,968,000 originally stated under Available-for-sale investments has been reclassified to Financial assets at fair value through profit or loss on 1st April, 2018 under HKFRS 9.

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, 2018

	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						
Total sales	369,833	314,792	—	1,904	—	686,529
RESULT						
Segment results	18,371	(26,054)	4,134	486	(374)	(3,437)
Share of results of associates	12	—	—	634	(3,095)	(2,449)
Loss before taxation						(5,886)
Taxation						(3,697)
Loss for the period						(9,583)
Loss attributable to:						
Shareholders of the Company						(9,511)
Non-controlling interests						(72)
						(9,583)

Segment assets and liabilities as at 30th September, 2018

	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	253,065	233,162	257,245	235,414	247,785	1,226,671
Interests in associates	48,636	—	—	107,399	49,726	<u>205,761</u>
Consolidated total assets						<u>1,432,432</u>
LIABILITIES						
Segment liabilities	41,729	101,694	—	1,034	12,636	157,093
Unallocated corporate liabilities						<u>12,702</u>
Consolidated total liabilities						<u>169,795</u>

Statement of profit or loss for the six months ended 30th September, 2017

	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						
Total sales	337,880	245,689	—	2,065	—	585,634
RESULT						
Segment results	42,604	(33,349)	15,152	908	2,066	27,381
Share of results of associates	93	—	—	15,328	(1,163)	14,258
Gain on disposal of a subsidiary	—	—	—	7,514	—	7,514
Profit before taxation						49,153
Taxation						(8,282)
Profit for the period						40,871
Profit attributable to:						
Shareholders of the Company						43,669
Non-controlling interests						(2,798)
						40,871

Segment assets and liabilities as at 31st March, 2018

	Rice operation <i>HK\$'000</i>	Convenience store 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	227,263	203,270	233,548	235,411	312,006	1,211,498
Interests in associates	56,677	—	—	107,118	52,530	<u>216,325</u>
Consolidated total assets						<u>1,427,823</u>
LIABILITIES						
Segment liabilities	29,924	71,168	—	1,061	11,874	114,027
Unallocated corporate liabilities						<u>13,071</u>
Consolidated total liabilities						<u>127,098</u>

Geographical segments

The Group's operations are located in Hong Kong, 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,	
	2018	2017
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	364,496	332,931
Vietnam	314,792	245,689
Others	7,241	7,014
	686,529	585,634

4. NET OTHER INCOME

	For the six months ended 30th September,	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Interest income on:		
— Financial assets at fair value through profit or loss	1,264	1,983
— Financial assets not designated as at fair value through profit or loss	850	2,302
	<hr/> 2,114	4,285
Dividend from financial assets at fair value through profit or loss	1,149	1,404
Net realized gain on disposal of financial assets at fair value through profit or loss	242	530
Net foreign exchange (loss)/gain	(2,065)	1,868
Net loss on disposal of property, plant and equipment	(912)	(1,736)
Sundry income	3,712	973
	<hr/> 4,240	7,324

5. (LOSS)/PROFIT BEFORE TAXATION

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

	For the six months ended 30th September,	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation and amortisation of property, plant and equipment	18,236	15,536
Amortisation of prepaid lease payments	260	260
	18,496	15,796

6. TAXATION

	For the six months ended 30th September,	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	4,197	8,304
Other regions in the PRC	18	16
	4,215	8,320
Overprovision in prior years:		
Hong Kong	(1)	—
Deferred tax	(517)	(38)
Taxation attributable to the Company and its subsidiaries	3,697	8,282

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,	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interim dividend declared after the interim period end of HK1.1 cents per share on 1,697,406,458 shares (2017: HK1.2 cents per share on 1,695,406,458 shares)	18,671	20,345

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,	
	2018	2017
	(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 1,697,406,458 shares (2017: HK1.2 cents per share on 1,695,406,458 shares)	20,369	20,345

8. (LOSS)/EARNINGS PER SHARE

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

	For the six months ended 30th September,	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
(Loss)/earnings for the purpose of basic (loss)/earnings per share and diluted earnings per share	(9,511)	43,669

	For the six months ended 30th September,	
	2018	2017
	(Unaudited)	(Unaudited)
Number of shares:		
Weighted average number of shares for the purpose of basic (loss)/earnings per share	1,697,406,458	1,695,406,458
Effect of dilutive potential ordinary shares:		
Share options	N/A	1,826,172
Weighted average number of shares for the purpose of diluted earnings per share	N/A	1,697,232,630

Dilutive loss per share is not applicable for the period ended 30th September, 2018 as the Company has no outstanding share options as at 30th September, 2018.

Diluted earnings per share for the last period was calculated by adjusting the weighted average number of ordinary shares to assume conversion of all dilutive potential ordinary shares. There was no significant dilutive effect for the last period.

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, 2018 (Unaudited) HK\$'000	31st March, 2018 (Audited) HK\$'000
Within 30 days	35,795	22,524
31-60 days	27,259	26,788
61-90 days	8,439	6,615
Over 90 days	2,368	2,753
	73,861	58,680

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

As at 30th September, 2018, trade debtors over 90 days amounted to HK\$2,368,000 (31st March, 2018: HK\$2,753,000) 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 according to the delivery date:

	30th September, 2018 (Unaudited) HK\$'000	31st March, 2018 (Audited) HK\$'000
Within 30 days	82,569	48,120
31-60 days	467	287
61-90 days	76	443
Over 90 days	531	861
	83,643	49,711

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, 2017, 31st March, 2018 and 30th September, 2018	3,000,000,000	300,000
Issued and fully paid:		
At 1st April, 2017	1,695,406,458	169,541
Exercise of share options	2,000,000	200
At 31st March, 2018 and 30th September, 2018	1,697,406,458	169,741

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,	
	2018	2017
	(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>)	99,683	69,677

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.

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,	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short-term employee benefits	9,330	9,794
Post-employment employee benefits	281	288
	9,611	10,082

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, 2018 (31st March, 2018: HK\$86,158,000). The balances of advances to associates as at 30th September, 2018 were unsecured, interest-free and will not be repayable in the coming twelve months. The Directors consider that the carrying amounts of advances to associates approximate their fair values.

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, 2018 (Unaudited) HK\$'000	31st March, 2018 (Audited) HK\$'000
(a) Contracted capital commitments		
Acquisition of property, plant and equipment	8,805	8,086
Capital contribution for an investee company	20,400	20,400
	29,205	28,486
(b) Contingent liabilities and financial guarantees issued		
Guarantees given in respect of banking facilities made available to:		
— associates	15,202	15,833

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\$246 million as at 30th September, 2018. With cash and other current assets of approximately HK\$830 million as at 30th September, 2018 as well as available banking facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

BUSINESS REVIEW AND PROSPECTS

While 2018 has been exceptionally challenging with geopolitical factors cascading into the financial and economic spheres, the global rice business was especially hard hit with the increasing negative amplifying effects of climate change, in severity, frequency and unpredictability. This has surprisingly resulted not only in more than 50% increase in the international premium rice price but also reduction in the milling yield, reflecting both reduction in quantity and quality of the rice harvest.

Given the extreme population density and market saturation of the Hong Kong rice market, the competition and business environment are challenging and intense, as usual. To mitigate these various material adverse externalities, we continue to streamline both our operational and overhead cost control programmes, upgrade our production technology and process automation systems, and most importantly, improve our corporate oversight and governance with special focus on CRM, policies and procedures.

We continue to be the market leader in Hong Kong, not only in volume but in quality, with respected leading brands and extensive presence in the retail and consumer mind space. We maintain a very positive and confident outlook as our rice business will continue to contribute stable and reliable earnings to the Group.

In Vietnam, the Group's Circle K Convenience Store business is expanding at a rapid pace and scale. As of end of September 2018, the Group owns and operates 293 stores in Vietnam. The combined revenue of our retail stores and online sales continue double digit comparable store sales growth.

In late August 2018, the Group signed a MOU with SF Holding Co Ltd (listed on the Shenzhen Stock Exchange), to form a Joint Venture to provide market leading domestic and international express delivery, logistic services and warehouse management solutions in Vietnam. The goal of our Joint Venture is to establish a Total Business Solution for our Group Ecosystem in Vietnam.

This vertical integration will augment our increasing presence in Vietnam marketplace, enhancing the seamless service experience of our customers while advancing the core skill-sets and careers development of our team throughout our organization, independent of physical or virtual location. This will provide an integrated operating and financial planning and analysis platform as we continue to leverage our core businesses and skills to improve and expand our businesses, geographically.

The Group is in the process of closing the negotiation with SF Holding Co Ltd. A further announcement will be made as and when appropriate.

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK1.1 cents per share for the year ending 31st March, 2019 (2017/2018: HK1.2 cents per share) to the shareholders on the Register of Members of the Company at the close of business on Friday, 21st December, 2018.

It is expected that the interim dividend will be paid to the shareholders on or about Wednesday, 9th January, 2019.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 17th December, 2018 to Friday, 21st December, 2018, 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. (Hong Kong time) on Friday, 14th December, 2018.

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

As at 30th September, 2018, 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. Laurent LAM Kwing Chee	—	14,700,000	14,700,000 <i>(Note 1)</i>	0.86%
Mr. Anthony LAM Sai Ho	—	22,050,000	22,050,000 <i>(Note 2)</i>	1.29%
Madam LAM Sai Mann	6,250,000	82,771,000	89,021,000 <i>(Note 3)</i>	5.24%
Mr. Dennis LAM Saihong	25,250,000	50,000,000	75,250,000 <i>(Note 4)</i>	4.43%
Mr. TSANG Siu Hung	2,500,000	—	2,500,000	0.14%

Notes:

1. These 14,700,000 shares are held by Elite Solution Investments Limited, a company which is 50% owned by Mr. Laurent LAM Kwing Chee, a Director of the Company.
2. These 22,050,000 shares are held by Mr. Anthony LAM Sai Ho, a Director of the Company as corporate interests: (i) 7,350,000 shares are held by Great Avenue Group Limited, a company which is 40% owned by Mr. Anthony LAM Sai Ho; and (ii) 14,700,000 shares are held by Elite Solution Investments Limited, a company which is 50% owned by Mr. Anthony LAM Sai Ho.
3. These 89,021,000 shares are held by Madam LAM Sai Mann, a Director of the Company as beneficial owner in respect of 6,250,000 shares and as corporate interest in respect of 82,771,000 shares held by Joint Success Limited, a company which is wholly-owned by Madam LAM Sai Mann.
4. These 75,250,000 shares are held by Mr. Dennis LAM Saihong, a Director of the Company as beneficial owner in respect of 25,250,000 shares and as corporate interest in respect of 50,000,000 shares 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 <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 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 (Note)

Note: The 2,500,000 share options were lapsed on 25th August, 2018.

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, 2018, 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, 2018, details of share options granted to the Directors and employees under the share option scheme adopted by the Company on 26th August, 2008 were as follows:

	Grant date	Validity period	Exercise price for one share (Note 1) HK\$	Balance outstanding at 1st April, 2018	Granted during the period	Exercised during the period	Lapsed during the period	Balance outstanding at 30th September, 2018
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	3,000,000	—	—	3,000,000	—
		21st December, 2011 — 21st December, 2011 — 25th August, 2018 (Note 3)	0.376	1,000,000	—	—	1,000,000	—
Total				4,000,000	—	—	4,000,000	—
Grand Total				6,500,000	—	—	6,500,000	—

Notes:

1. 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.
2. The option to subscribe for ordinary share is exercisable during the validity period, subject to the vesting scale as follows:
 - (i) 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
 - (ii) 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.

The share option scheme adopted by the Company on 26th August, 2008 had expired on 25th August, 2018. The Company has adopted a new share option scheme on 29th August, 2018 for the purpose of providing the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants and for such other purposes as the Board may approve from time to time. Pursuant to the new share option scheme, no option was granted, exercised, lapsed or cancelled during the period or remained outstanding as at 30th September, 2018.

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, 2018, 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	32.28% <i>(Note 2)</i>
Chelsey Developments Ltd. ("Chelsey")	252,240,000	14.86% <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. 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. Madam LAM Sai Mann, a Director of the Company, is interested in 30% of the issued share capital of Elegant Investments Holdings Limited which in turn is interested in approximately 24% of the issued share capital of each of Yuen Loong and Chelsey. Mr. Dennis LAM Saihong, a Director of the Company, is interested in 30% of the issued share capital of Elegant Investments 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, 2018, 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 3,030.

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, 2018.

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.

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, 2018.

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, 2018.

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 Chief Executive Officer), Madam LAM Sai Mann, Ms. Morna YUEN Mai-tong 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, 28th November, 2018