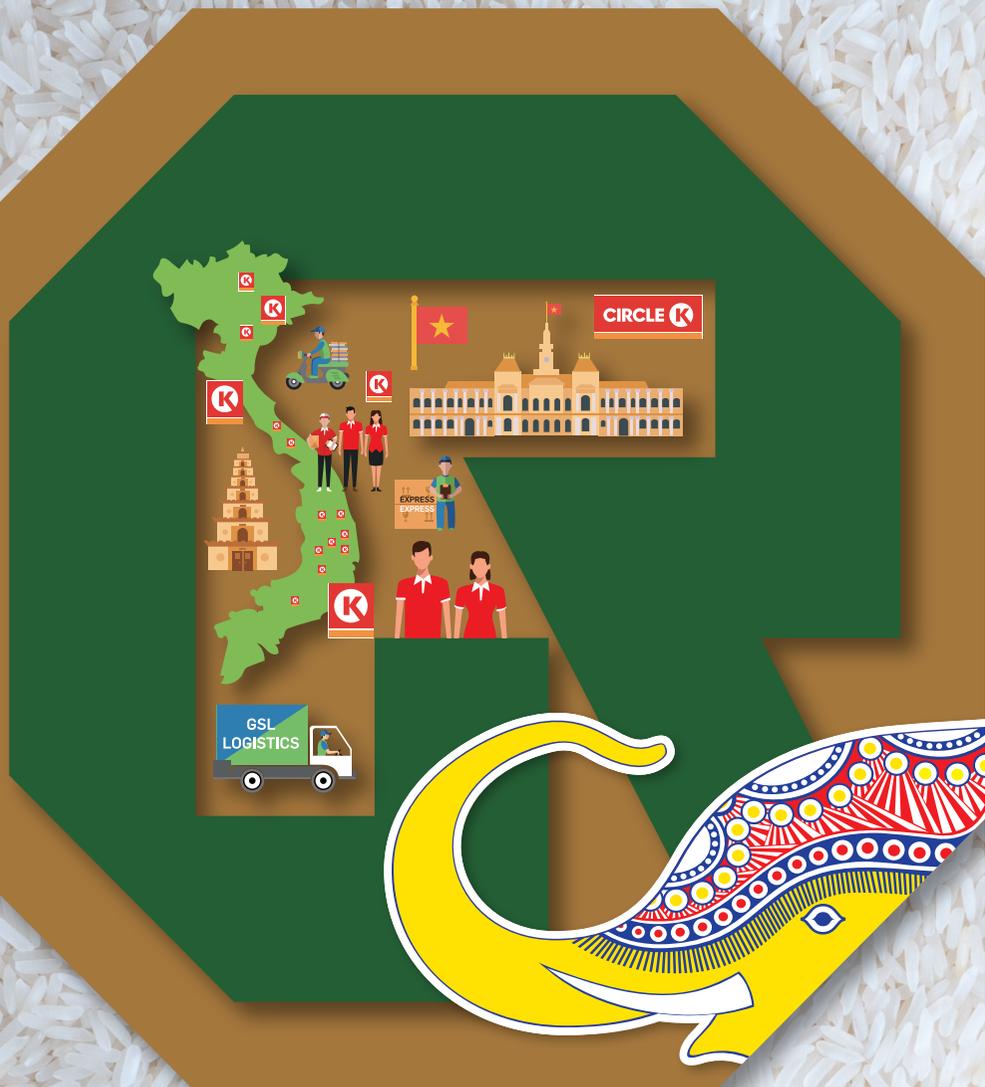


# 2019/2020

INTERIM REPORT



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, 2019 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30th September,	
		2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
	Notes		
<b>REVENUE</b>	3	<b>835,021</b>	686,529
Cost of sales		(552,721)	(481,849)
<b>GROSS PROFIT</b>		<b>282,300</b>	204,680
Net unrealized gain on financial assets at fair value through profit or loss		<b>1,008</b>	2,996
Net other income	4	<b>10,718</b>	4,240
Selling and distribution costs		(165,409)	(133,561)
Administrative expenses		(88,761)	(81,792)
Interest on lease liabilities		(10,555)	—
<b>PROFIT/(LOSS) FROM OPERATIONS</b>	3	<b>29,301</b>	(3,437)
Share of results of associates		<b>3,530</b>	(2,449)
<b>PROFIT/(LOSS) BEFORE TAXATION</b>	5	<b>32,831</b>	(5,886)
Taxation	6	(8,003)	(3,697)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>24,828</b>	(9,583)
Profit/(loss) attributable to:			
Shareholders of the Company		<b>24,768</b>	(9,511)
Non-controlling interests		<b>60</b>	(72)
		<b>24,828</b>	(9,583)
<b>EARNINGS/(LOSS) PER SHARE</b>	8		
— Basic		<b>HK1.5 cents</b>	HK(0.6) cents
— Diluted		<b>HK1.5 cents</b>	HK(0.6) cents

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30th September,	
	2019	2018
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>24,828</b>	<b>(9,583)</b>
<b>OTHER COMPREHENSIVE LOSS</b>		
<b>Items to be reclassified to profit or loss in subsequent periods:</b>		
Exchange differences on translation of foreign operations	<b>(4,452)</b>	(6,255)
Share of other comprehensive loss of associates	<b>(179)</b>	(1,881)
Other comprehensive loss for the period, net of tax	<b>(4,631)</b>	(8,136)
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	<b>20,197</b>	<b>(17,719)</b>
Total comprehensive income/(loss) attributable to:		
Shareholders of the Company	<b>20,904</b>	(16,446)
Non-controlling interests	<b>(707)</b>	(1,273)
	<b>20,197</b>	<b>(17,719)</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30th September, 2019 (Unaudited) <i>HK\$'000</i>	31st March, 2019 (Audited) <i>HK\$'000</i>
<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	185,148	164,912
Right-of-use assets	295,224	—
Investment properties	162,790	162,790
Intangible asset	22,505	22,505
Interests in associates	178,435	174,926
Financial assets at fair value through profit or loss	47,547	39,691
Prepaid lease payments	13,731	14,170
Rental and related deposits paid	27,027	—
Deposit paid for additional interests in financial assets at fair value through profit or loss	—	7,856
	<b>932,407</b>	<b>586,850</b>
<b>CURRENT ASSETS</b>		
Inventories	186,844	173,938
Trade debtors	9 56,081	66,605
Other debtors, deposits and prepayments	67,475	68,044
Financial assets at fair value through profit or loss	271,314	259,209
Tax recoverable	—	798
Cash and cash equivalents	260,833	252,153
	<b>842,547</b>	<b>820,747</b>
<b>CURRENT LIABILITIES</b>		
Trade creditors	10 109,486	72,266
Other creditors and accruals	84,429	74,680
Lease liabilities	88,134	—
Tax liabilities	7,510	—
	<b>289,559</b>	<b>146,946</b>
<b>NET CURRENT ASSETS</b>	<b>552,988</b>	<b>673,801</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>1,485,395</b>	<b>1,260,651</b>
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	223,967	—
Deferred tax liabilities	2,280	2,576
	<b>226,247</b>	<b>2,576</b>
	<b>1,259,148</b>	<b>1,258,075</b>
<b>CAPITAL AND RESERVES</b>		
Share capital	11 169,741	169,741
Reserves	1,066,463	1,080,151
Shareholders' equity	1,236,204	1,249,892
Non-controlling interests	22,944	8,183
	<b>1,259,148</b>	<b>1,258,075</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September, 2019

	Shareholders' equity							Non-controlling interests	Total	
	Share capital	Share premium	Capital redemption reserve	Property revaluation reserve	Exchange reserve	Dividend reserve	Retained earnings			shareholders' equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 31st March, 2019 (audited)	169,741	453,192	515	5,128	31,623	20,369	569,324	1,249,892	8,183	1,258,075
Impact of adoption of HKFRS 16	—	—	—	—	—	—	(14,223)	(14,223)	—	(14,223)
At 1st April, 2019 (restated) (unaudited)	169,741	453,192	515	5,128	31,623	20,369	555,101	1,235,669	8,183	1,243,852
Profit for the period	—	—	—	—	—	—	24,768	24,768	60	24,828
Other comprehensive loss for the period:										
Exchange adjustments	—	—	—	—	(3,685)	—	—	(3,685)	(767)	(4,452)
Share of reserve movements of associates	—	—	—	—	(179)	—	—	(179)	—	(179)
	—	—	—	—	(3,864)	—	—	(3,864)	(767)	(4,631)
Total comprehensive income for the period	—	—	—	—	(3,864)	—	24,768	20,904	(707)	20,197
Capital injection from non-controlling interests	—	—	—	—	—	—	—	—	15,468	15,468
Prior year final dividend paid	—	—	—	—	—	(20,369)	—	(20,369)	—	(20,369)
Interim dividend	—	—	—	—	—	18,671	(18,671)	—	—	—
At 30th September, 2019	169,741	453,192	515	5,128	27,759	18,671	561,198	1,236,204	22,944	1,259,148

For the six months ended 30th September, 2018

	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	Dividend reserve HK\$'000	Retained earnings HK\$'000	Total shareholders' equity HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1st April, 2018	169,741	453,192	515	5,128	38,669	369	20,369	603,639	1,291,622	9,103	1,300,725
Loss for the period	—	—	—	—	—	—	—	(9,511)	(9,511)	(72)	(9,583)
Other comprehensive loss for the period:											
Exchange adjustments	—	—	—	—	(5,054)	—	—	—	(5,054)	(1,201)	(6,255)
Share of reserve movements of associates	—	—	—	—	(1,881)	—	—	—	(1,881)	—	(1,881)
	—	—	—	—	(6,935)	—	—	—	(6,935)	(1,201)	(8,136)
Total comprehensive loss for the period	—	—	—	—	(6,935)	—	—	(9,511)	(16,446)	(1,273)	(17,719)
Share options lapsed during the period	—	—	—	—	—	(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	1,254,807	7,830	1,262,637

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30th September,	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Net cash generated from/(used in) operating activities	98,941	(23,935)
Net cash (used in)/generated from investing activities	(36,410)	3,957
Net cash used in financing activities	(51,109)	(20,368)
Net increase/(decrease) in cash and cash equivalents	11,422	(40,346)
Cash and cash equivalents at 1st April	245,002	285,842
Effect of foreign exchange rate changes	(541)	(3,703)
Cash and cash equivalents at 30th September	255,883	241,793
Analysis of the balances of cash and cash equivalents		
Time deposits, bank balances and cash (including pledged cash balance)	260,833	246,842
Less: Pledged cash and cash equivalents	(4,950)	(5,049)
	255,883	241,793

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th September, 2019

## 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, 2019:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015-2017 Cycle
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HKAS 19 (Amendments)	Employee Benefits
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments

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 16 which will be explained below. Accordingly, no prior period adjustment has been required.

## **Impacts and changes in accounting policies of application on HKFRS 16 “Leases”**

The Group has applied HKFRS 16 for the first time in the current period. HKFRS 16 superseded HKAS 17 “Leases” and the related interpretations.

### *Key changes in accounting policies resulting from application of HKFRS 16*

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

#### **Definition of a lease**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is, or contains, a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

#### **As a lessee**

##### Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

##### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of equipment and offices that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

##### Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful lives and the lease terms.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

#### Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

#### Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 “Financial Instruments” (“HKFRS 9”) and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

#### Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognized as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

#### Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

## Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

### *Transition and summary of effects arising from initial application of HKFRS 16*

#### **Definition of a lease**

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1st April, 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

#### **As a lessee**

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognized at the date of initial application, 1st April, 2019. Any difference at the date of initial application is recognized in the opening retained earnings and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- (a) elected not to recognize right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- (b) excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- (c) applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment; and
- (d) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

- The Group recognized lease liabilities of HK\$245,405,000 and right-of-use assets of HK\$231,182,000 at 1st April, 2019.
- When recognizing the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 4.25%.

The reconciliation of lease liabilities as at 1st April, 2019 to the operating leases commitments as at 31st March, 2019 is as follows:

	<b>At 1st April, 2019 HK\$'000</b>
Operating lease commitments disclosed as at 31st March, 2019	<b>289,410</b>
Lease liabilities discounted at relevant incremental borrowing rates	<b>245,550</b>
<i>Less: Recognition exemption – short-term leases</i>	<b>(145)</b>
<b>Lease liabilities as at 1st April, 2019</b>	<b>245,405</b>
Analysed as:	
Current	<b>69,738</b>
Non-current	<b>175,667</b>
	<b>245,405</b>

The carrying amount of right-of-use assets as at 1st April, 2019 comprises the following:

	<b>At 1st April, 2019 HK\$'000</b>
Right-of-use assets relating to operating leases recognized upon application of HKFRS 16	<b>231,182</b>
<hr/>	
By class:	
Land and buildings	<b>231,182</b>
<hr/>	

The following table summarises the impacts of transition to HKFRS 16 on retained earnings at 1st April, 2019.

	<b>Impacts of adopting HKFRS 16 at 1st April, 2019 HK\$'000</b>
<b>Retained earnings</b>	
Depreciation of right-of-use assets from commencement dates upon application of HKFRS 16	<b>180,857</b>
Interest on lease liabilities from commencement dates upon application of HKFRS 16	<b>37,450</b>
Less: Lease expenses of operating leases under HKAS 17 before 1st April, 2019	<b>(204,084)</b>
<hr/>	
Impact at 1st April, 2019	<b>14,223</b>
<hr/>	

The following adjustments were made to the amounts recognized in the condensed consolidated statement of financial position at 1st April, 2019. Line items that were not affected by the changes have not been included.

**Impacts on assets and (liabilities) as at 1st April, 2019**

	Carrying amounts previously reported at 31st March, 2019 <i>HK\$'000</i> (Audited)	Impacts of adopting HKFRS 16 <i>HK\$'000</i>	Carrying amounts under HKFRS 16 at 1st April, 2019 <i>HK\$'000</i> (Restated)
<b>Non-current assets</b>			
Right-of-use assets	—	231,182	<b>231,182</b>
Rental and related deposits paid	—	22,028	<b>22,028</b>
<b>Current assets</b>			
Other debtors, deposits and prepayments	68,044	(22,028)	<b>46,016</b>
<b>Current liabilities</b>			
Lease liabilities	—	69,738	<b>69,738</b>
<b>Non-current liabilities</b>			
Lease liabilities	—	175,667	<b>175,667</b>
<b>Capital and reserves</b>			
Reserves	1,080,151	(14,223)	<b>1,065,928</b>

### 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, 2019*

	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
<b>REVENUE</b>						
Total sales	391,625	441,254	—	2,142	—	835,021
<b>RESULTS</b>						
Segment results	45,016	(19,293)	2,484	655	439	29,301
Share of results of associates	(161)	—	—	1,090	2,601	3,530
Profit before taxation						32,831
Taxation						(8,003)
Profit for the period						24,828
Profit attributable to:						
Shareholders of the Company						24,768
Non-controlling interests						60
						24,828

**Segment assets and liabilities as at 30th September, 2019**

	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
<b>ASSETS</b>						
Segment assets	202,684	606,976	271,712	253,012	262,135	1,596,519
Interests in associates	14,739	—	—	109,467	54,229	178,435
Consolidated total assets						<u>1,774,954</u>
<b>LIABILITIES</b>						
Segment liabilities	32,953	461,810	—	1,140	10,113	506,016
Unallocated corporate liabilities						<u>9,790</u>
Consolidated total liabilities						<u>515,806</u>

**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
<b>REVENUE</b>						
Total sales	369,833	314,792	—	1,904	—	686,529
<b>RESULTS</b>						
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						<u>(3,697)</u>
Loss for the period						<u>(9,583)</u>
Loss attributable to:						
Shareholders of the Company						(9,511)
Non-controlling interests						<u>(72)</u>
						<u>(9,583)</u>

Segment assets and liabilities as at 31st March, 2019

	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
<b>ASSETS</b>						
Segment assets	223,237	247,666	259,812	248,266	252,892	1,231,873
Interests in associates	13,888	—	—	108,575	52,463	174,926
Unallocated corporate assets						798
Consolidated total assets						<u>1,407,597</u>
<b>LIABILITIES</b>						
Segment liabilities	34,775	99,261	—	1,172	11,738	146,946
Unallocated corporate liabilities						<u>2,576</u>
Consolidated total liabilities						<u>149,522</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:

	<b>Revenue by geographical markets</b>	
	<b>For the six months ended 30th September,</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong	<b>386,393</b>	364,496
Vietnam	<b>441,254</b>	314,792
Others	<b>7,374</b>	7,241
	<b>835,021</b>	686,529

## 4. NET OTHER INCOME

	For the six months ended 30th September,	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Interest revenue on:		
— Financial assets at fair value through profit or loss	1,233	1,264
— Financial assets measured at amortized costs	1,599	850
	<hr/> 2,832	<hr/> 2,114
Dividend from listed financial assets at fair value through profit or loss	1,259	1,149
Net realized (loss)/gain on disposal of financial assets at fair value through profit or loss	(338)	242
Net foreign exchange loss	(727)	(2,065)
Net loss on disposal of property, plant and equipment	(812)	(912)
Sundry income	8,504	3,712
	<hr/> 10,718	<hr/> 4,240

## 5. PROFIT/(LOSS) BEFORE TAXATION

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

	For the six months ended 30th September,	
	2019	2018
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation and amortisation of property, plant and equipment	20,676	18,236
Depreciation of right-of-use assets	38,318	—
Amortisation of prepaid lease payments	257	260
Interest on lease liabilities	10,555	—
	<b>89,806</b>	<b>18,506</b>

## 6. TAXATION

	For the six months ended 30th September,	
	2019	2018
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax:		
Hong Kong	8,287	4,197
Other regions in the PRC	12	18
	<b>8,299</b>	<b>4,215</b>
Overprovision in prior years:		
Hong Kong	—	(1)
Deferred tax	(296)	(517)
Taxation attributable to the Company and its subsidiaries	<b>7,993</b>	<b>3,697</b>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods, except for the first HK\$2,000,000 of a qualified entity's assessable profit which is calculated at 8.25%, in accordance with the two-tiered profits tax rate regime. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 7. DIVIDEND

### (a) Dividend attributable to the interim period:

	<b>For the six months ended 30th September,</b>	
	<b>2019</b>	2018
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Interim dividend declared after the interim period end of HK1.1 cents per share on 1,697,406,458 shares (2018: HK1.1 cents per share on 1,697,406,458 shares)	<b>18,671</b>	18,671

The interim dividend declared after the interim period end has not been recognized as a liability at the interim period end date.

### (b) Dividend attributable to the previous financial year, approved and paid during the interim period:

	<b>For the six months ended 30th September,</b>	
	<b>2019</b>	2018
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	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 (2018: HK1.2 cents per share on 1,697,406,458 shares)	<b>20,369</b>	20,369

## 8. EARNINGS/(LOSS) PER SHARE

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

	<b>For the six months ended</b>	
	<b>30th September,</b>	
	<b>2019</b>	2018
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Earnings/(loss) for the purpose of basic earnings/(loss) per share	<b>24,768</b>	(9,511)

The Company has no dilutive potential ordinary shares in issue at the end of both periods.

## 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:

	<b>30th</b>	31st
	<b>September,</b>	March,
	<b>2019</b>	2019
	<b>(Unaudited)</b>	(Audited)
	<b>HK\$'000</b>	HK\$'000
Within 30 days	<b>25,469</b>	26,740
31-60 days	<b>19,491</b>	26,035
61-90 days	<b>7,520</b>	11,138
Over 90 days	<b>3,601</b>	2,692
	<b>56,081</b>	66,605

As at 30th September, 2019, the balances of trade debtors over 90 days of approximately HK\$3,601,000 (31st March, 2019: HK\$2,692,000) were past due but not impaired as the balances were relating 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:

	<b>30th September, 2019 (Unaudited) HK\$'000</b>	31st March, 2019 (Audited) HK\$'000
Within 30 days	<b>107,311</b>	71,349
31-60 days	<b>954</b>	392
61-90 days	<b>342</b>	21
Over 90 days	<b>879</b>	504
	<b>109,486</b>	72,266

**11. SHARE CAPITAL**

	<b>Number of shares of HK\$0.10 each</b>	<b>HK\$'000</b>
Authorised:		
At 1st April, 2018, 31st March, 2019 and 30th September, 2019	<b>3,000,000,000</b>	<b>300,000</b>
Issued and fully paid:		
At 1st April, 2018, 31st March, 2019 and 30th September, 2019	<b>1,697,406,458</b>	<b>169,741</b>

There were no movement in issued share capital during the current period and last year.

## 12. RELATED PARTY TRANSACTIONS

During the period, the Group entered into the following transactions with the associates and related parties:

	<b>For the six months ended 30th September,</b>	
	<b>2019</b>	2018
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Net amount of trade purchases from and sharing of administrative services on a cost basis with associates (Notes a, b)	<b>27,730</b>	99,683

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:

	<b>For the six months ended 30th September,</b>	
	<b>2019</b>	2018
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Short-term employee benefits	<b>8,750</b>	9,330
Post-employment employee benefits	<b>290</b>	281
	<b>9,040</b>	9,611

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 balance of advance to an associate of approximately HK\$86,158,000 as at 30th September, 2019 (31st March, 2019: HK\$86,158,000). The balance of advance to an associate as at 30th September, 2019 was unsecured, interest-free and will not be repayable in the coming twelve months. The Directors consider that the carrying amount of advance to an associate approximates its fair value.

### 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:

	<b>30th September, 2019 (Unaudited) HK\$'000</b>	31st March, 2019 (Audited) HK\$'000
(a) Contracted capital commitments		
Acquisition of property, plant and equipment	<b>8,297</b>	6,999
Capital contribution for an investee company	<b>20,400</b>	20,400
	<b>28,697</b>	27,399
(b) Contingent liabilities and financial guarantees issued		
Guarantees given in respect of banking facilities made available to:		
— associates	<b>16,148</b>	15,581

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 recognized at the end of each reporting period.

## CHAIRMAN STATEMENT

I am pleased to report the Group's strong revenue growth and margin improvement in both Vietnam Circle K convenience stores and our leading Hong Kong rice brands. These results demonstrate clear improvements in our operational performance and indicate a positive trend in efficiency and effectiveness of our dedicated and hard-working teams in HK and Vietnam.

### Circle K Convenience Stores (Vietnam)

In Vietnam, as of 30 September 2019, the Group operated 366 Circle K convenience stores, compared to 293 at this time last year, covering six major cities and provinces in Ho Chi Minh City, Hanoi, Vung Tau, Binh Duong, Can Tho and Ha Long. The business performance of Circle K stores for the half year was very encouraging. Our steady revenue growth coupled with the improvement in profit margin, resulted in positive EBITDA for the half year ended 30 September 2019.

These results were due to the integration of increasing O2O (online-to-offline) businesses leveraged on the expanding geographical footprint of the stores, increase in customer base and per transaction value, enhancement of our supply chain management, and most importantly our local management teams and front-line staffs. We view the Circle K stores to be an evolving business platform for the Group's long-term growth prospect in Vietnam.

### Rice Brands (Hong Kong)

In Hong Kong, the rice operating business environment continued to be competitive and challenging, especially in context of the headline news.

The revenue for the Group's rice business rose 6% to HK\$392 million for the half year ended 30 September 2019 compared with same period last year. During this period, the Group managed to improve the profit margin despite the international premium rice price persisting in high level. The Group continued to improve cost control measures, optimize operational efficiency and strengthen customer services management teams and systems as the market leader in the highly competitive Hong Kong rice market.

To meet and satisfy changing customer demographics, profiles, tastes and trends, we launched the Kangaroo Low Glycemic Index Rice (GI-Rice) as well as the Golden Elephant Microwavable Cooked Thai Jasmine Rice (GO-Rice). Both new offerings have been well-received by the marketplace as "well-being" across all product categories gains increasing traction, especially in increasing demand by gluten-free-diets (GFD) and low glycemic-index (GI) -conscious customers, combined with demand for quality, consistency, value, convenience and single-serving portions.

## Outlook

The Group is optimistic about our diversification strategy and the impressive growth and development witnessed in Vietnam. As the only country in South East Asia boasting a 6-7% GDP growth consistently over recent years, our Group remains resilient on the development of industries and infrastructure in the region. This can be witnessed through robust growth in all sectors of industries, most notably retail, hard industries and e-commerce.

It is with this rationale in mind, founded by existing data, that the Group committed to build a logistics joint venture with S.F. Express (Overseas) Limited to service the growing economy of Vietnam. GSL Global Company Limited (“GSL”), the joint venture between the aforementioned companies, aims to provide high-quality logistics services by extending its services to segments of production, supply, sales and distribution of all goods and services, whilst leveraging on the national coverage and distribution network of our Circle K business unit. Logistics products of the company mainly include various types of express services such as express delivery, intra-city delivery, warehousing services and international express delivery; also cold-chain transportation services for the customers for the fresh produce, food products and pharmaceutical segments. By focusing on customers’ needs, GSL provides diversified products and comprehensive logistics services.

Looking ahead, the development of our Vietnam Circle K convenience stores and our Hong Kong rice brands are both very positive. The Group views continuous and selective technology upgrades and integration as high-value assets and significant added-values to our Businesses. The Group’s CAPEX budget reflects investments into our existing IT infrastructures and utilizing leading-edge technologies to enhance our customer service delivery, sales efficiency and timely data-driven decisions for prioritizing key performance metrics of the Group.

With net cash position of HK\$261 million as of 30 September 2019 and a strong balance sheet, the Group is well positioned to engage in favourable business investment opportunities and to diversify our operations to generate stable long-term returns for the shareholders.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group had cash balance of approximately HK\$261 million as at 30th September, 2019. With cash and other current assets of approximately HK\$843 million as at 30th September, 2019 as well as available banking facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

## CONNECTED TRANSACTION

On 15th April, 2019, Affluent Woods Limited (“Affluent Woods”), an indirect wholly-owned subsidiary of the Company, entered into a joint venture agreement with S.F. Express (Overseas) Limited (“SF Overseas”) to establish a joint venture to provide Logistics Solutions in Vietnam (“JV Agreement”). A joint venture company (“JV Company”) was incorporated in the Republic of Singapore on 28th January, 2019 and was owned as to 61% by Affluent Woods and the remaining 39% by SF Overseas.

SF Overseas is a connected person of the Company at the subsidiary level by virtue of its 39% shareholding interests in the JV Company. Accordingly, the Transactions involving SF Overseas constitute connected transactions for the Company under Chapter 14A of the Listing Rules. The Transactions are on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole.

The business of the joint venture shall be to provide Logistics Solutions in Vietnam and, unless expressly refused by the board of directors of the JV Company, to participate in any other business which SF Overseas proposes to conduct within Vietnam.

In connection with the establishment of the joint venture, each joint venture Shareholder undertakes to contribute the respective cash contributions to the paid-up capital of the JV Company. Affluent Woods has contributed Singapore dollar \$61 for initial cash contribution and Singapore dollar \$4,262,326 for first year cash contribution.

To the best of the Directors' knowledge, information and belief having made reasonable enquiries, SF Overseas is an indirect wholly-owned subsidiary of S.F. Holding Co., Ltd., which is a leading comprehensive service provider of express logistics in the Mainland China.

## **INTERIM DIVIDEND**

The Directors have declared an interim dividend of HK1.1 cents per share for the year ending 31st March, 2020 (2018/2019: HK1.1 cents per share) to the shareholders on the Register of Members of the Company at the close of business on Friday, 20th December, 2019.

It is expected that the interim dividend will be paid to the shareholders on or about Wednesday, 8th January, 2020.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Monday, 16th December, 2019 to Friday, 20th December, 2019, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. (Hong Kong time) on Friday, 13th December, 2019.

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

As at 30th September, 2019, 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	7,100,000	14,700,000	21,800,000 (Note 1)	1.28%
Mr. Anthony LAM Sai Ho	—	22,050,000	22,050,000 (Note 2)	1.29%
Madam LAM Sai Mann	6,250,000	82,771,000	89,021,000 (Note 3)	5.24%
Mr. Dennis LAM Saihong	25,250,000	50,000,000	75,250,000 (Note 4)	4.43%
Mr. TSANG Siu Hung	2,500,000	—	2,500,000	0.14%

Notes:

1. These 21,800,000 shares are held by Mr. Laurent LAM Kwing Chee, a Director of the Company as beneficial owner in respect of 7,100,000 shares and as corporate interest in respect of 14,700,000 shares held by Elite Solution Investments Limited, a company which is 50% owned by Mr. Laurent LAM Kwing Chee.
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 (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**

<b>Name of director</b>	<b>Name of associate</b>	<b>Capacity</b>	<b>Number of ordinary shares held through corporation</b>
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, 2019, 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 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, 2019.

Save as disclosed under the heading "Directors' Interests and Short Positions in the Shares and Underlying Shares" 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, 2019, 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, 2019, the Company had not been notified by any other 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 3,631.

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, 2019.

## 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, 2019.

## 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, 2019.

## 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, 27th November, 2019