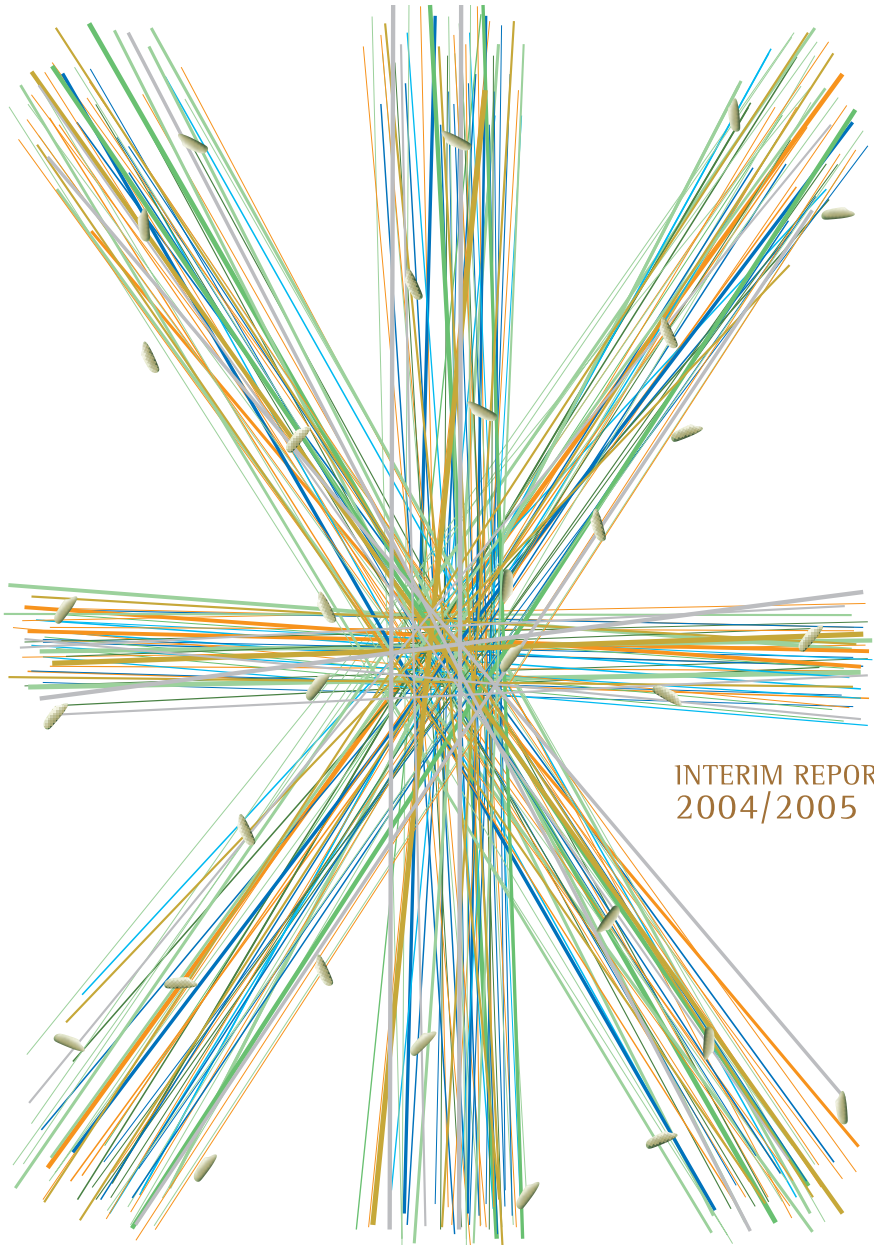




GOLDEN RESOURCES DEVELOPMENT INTERNATIONAL LIMITED

金源米業國際有限公司

Incorporated in Bermuda with Limited Liability



INTERIM REPORT
2004/2005

**SUMMARY OF INTERIM RESULTS**

The Directors of Golden Resources Development International Limited ("the Company") are pleased to announce the unaudited consolidated results of the Company and its subsidiaries ("the Group") for the six months ended 30th September, 2004 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

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



CONDENSED CONSOLIDATED BALANCE SHEET

		30th September, 2004 (Unaudited) HK\$'000	31st March, 2004 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		165,981	169,823
Investment properties		40,030	50,030
Interests in associates		91,013	130,486
Investments in securities		24,179	24,053
Advances to investee companies		51,371	51,371
		<u>372,574</u>	<u>425,763</u>
CURRENT ASSETS			
Inventories		74,139	65,958
Trade debtors	9	51,939	46,445
Other debtors, deposits and prepayments		100,743	91,182
Investments in securities		206,252	275,115
Time deposits, bank balances and cash		153,526	97,723
		<u>586,599</u>	<u>576,423</u>
CURRENT LIABILITIES			
Trade creditors	10	9,833	6,866
Other creditors and accruals		26,114	21,696
Tax liabilities		16,312	11,170
Bank loans – due within one year		22,226	19,753
		<u>74,485</u>	<u>59,485</u>
NET CURRENT ASSETS		<u>512,114</u>	<u>516,938</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>884,688</u>	<u>942,701</u>
NON-CURRENT LIABILITIES			
Bank loans – due after one year		–	2,701
Deferred tax liabilities		11,806	12,006
Advances from minority shareholders		12,895	12,202
		<u>24,701</u>	<u>26,909</u>
MINORITY INTERESTS		<u>7,668</u>	<u>8,418</u>
		<u>852,319</u>	<u>907,374</u>
CAPITAL AND RESERVES			
Share capital	11	130,353	130,048
Reserves	12	721,966	777,326
		<u>852,319</u>	<u>907,374</u>



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		For the six months ended 30th September,	
		2004	2003
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
Total shareholders' equity, at 1st April		907,374	896,075
Exchange adjustments less minority interests	12	–	17
Share of exchange adjustments of associates	12	(473)	1,137
Effect of change in tax rate on land and buildings revaluation reserve	12	–	(862)
Goodwill reserve eliminated on partial disposal of an associate	12	5,182	–
Net gains not recognised in the income statement		4,709	292
Issue of new shares			
– Share capital	11	305	148
– Share premium	12	518	251
		823	399
Net (loss) profit for the period	12	(44,308)	26,601
Prior year final dividend paid	12	(16,274)	(16,168)
Adjustment of final dividend for prior year	12	(5)	(1)
Total shareholders' equity, at 30th September		852,319	907,198

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	For the six months ended	
	30th September,	
	2004	2003
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash generated from (used in) operating activities	28,920	(14,116)
Net cash generated from (used in) investing activities	42,966	(11,933)
Net cash used in financing activities	(16,083)	(12,137)
Net increase (decrease) in cash and cash equivalents	55,803	(38,186)
Cash and cash equivalents at 1st April	97,723	195,461
Cash and cash equivalents at 30th September	153,526	157,275
Analysis of the balances of cash and cash equivalents		
Time deposits, bank balances and cash	153,526	157,275

NOTES TO THE CONDENSED FINANCIAL STATEMENTS*For the six months ended 30th September, 2004***1. BASIS OF PREPARATION**

The condensed financial statements have been prepared in accordance with Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties and investments in securities.

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



3. BUSINESS AND GEOGRAPHICAL SEGMENTS

An analysis of the Group's segment information by business and geographical segments is as follows:

Business segments

Income statement for the six months ended 30th September, 2004

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

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

	Rice operation HK\$'000	Warehouse operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
TURNOVER							
External sales	311,409	879	122,478	687	–	–	435,453
Inter-segment sales	–	11,634	–	–	–	(11,634)	–
Total	<u>311,409</u>	<u>12,513</u>	<u>122,478</u>	<u>687</u>	<u>–</u>	<u>(11,634)</u>	<u>435,453</u>

Inter-segment sales are charged at prevailing market prices.

RESULT

Segment results	<u>20,148</u>	<u>76</u>	<u>2,802</u>	<u>(706)</u>	<u>1,068</u>	<u>–</u>	23,388
Finance costs							(531)
Share of results of associates	(727)	–	5,330	(18)	2,566	–	<u>7,151</u>
Profit before taxation							30,008
Income taxes							<u>(4,811)</u>
Profit after taxation							25,197
Minority interests							<u>1,404</u>
Net profit for the period							<u>26,601</u>

Geographical segments

The Group's operations are located in Hong Kong, elsewhere in the People's Republic of China (the "PRC") and other regions.

The following table provides an analysis of the Group's sales by location of markets, irrespective of the origin of the goods/services:

	Turnover by geographical markets For the six months ended 30th September, 2004		2003
	HK\$'000		HK\$'000
Hong Kong	288,108		361,257
Elsewhere in the PRC	45,146		36,748
Others	2,103		37,448
	<u>335,357</u>		<u>435,453</u>

**4. OTHER OPERATING INCOME**

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

5. (LOSS) PROFIT FROM OPERATIONS

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

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

6. INCOME TAXES

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

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

**7. DIVIDEND**

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

8. (LOSS) EARNINGS PER SHARE

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

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

Diluted loss per share for the six months ended 30th September, 2004 has not been presented as the conversion of potential ordinary shares to ordinary shares would have anti-dilutive effect to the basic loss per share.

**9. TRADE DEBTORS**

The Group allows an average credit period of 30-60 days to its trade customers. The following is an aged analysis of trade debtors at the balance sheet date:

	30th September, 2004	31st March, 2004
	HK\$'000	HK\$'000
Within 30 days	33,603	31,203
31-60 days	10,388	10,270
61-90 days	1,830	694
Over 90 days	6,118	4,278
	<u>51,939</u>	<u>46,445</u>

10. TRADE CREDITORS

The following is an aged analysis of trade creditors at the balance sheet date:

	30th September, 2004	31st March, 2004
	HK\$'000	HK\$'000
Within 30 days	6,113	2,487
31-60 days	350	385
61-90 days	41	102
Over 90 days	3,329	3,892
	<u>9,833</u>	<u>6,866</u>

11. SHARE CAPITAL

	Number of shares of HK\$0.10 each	HK\$'000
Authorised:		
At 1st April, 2003, 31st March, 2004 and 30th September, 2004	<u>2,000,000,000</u>	<u>200,000</u>
Issued and fully paid:		
At 1st April, 2003	1,292,570,460	129,257
Exercise of share options	7,906,000	791
	<u>1,300,476,460</u>	<u>130,048</u>
At 31st March, 2004	1,300,476,460	130,048
Exercise of share options	3,050,000	305
	<u>1,303,526,460</u>	<u>130,353</u>
At 30th September, 2004	<u>1,303,526,460</u>	<u>130,353</u>



12. RESERVES

	Share premium HK\$'000	Goodwill reserve HK\$'000	Capital redemption reserve HK\$'000	Land and buildings revaluation reserve HK\$'000	Exchange reserve HK\$'000	Dividend reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1st April, 2003	384,463	(22,802)	515	68,838	(503)	16,168	320,139	766,818
Exchange adjustments								
less minority interests	-	-	-	-	1	-	-	1
Share of exchange								
adjustments of associates	-	-	-	-	1,319	-	-	1,319
Effect of change in tax rate	-	-	-	(862)	-	-	-	(862)
Premium arising from the								
issue of new shares	1,344	-	-	-	-	-	-	1,344
Eliminated on disposal of								
subsidiaries	-	20	-	-	(80)	-	-	(60)
Eliminated on deemed								
disposal of an associate	-	3,102	-	-	-	-	-	3,102
Net profit for the year	-	-	-	-	-	-	38,026	38,026
Prior year final dividend								
paid	-	-	-	-	-	(16,168)	-	(16,168)
Adjustment of final dividend								
for the year ended								
31st March, 2003	-	-	-	-	-	-	(1)	(1)
Interim dividend paid	-	-	-	-	-	-	(16,193)	(16,193)
Final dividend proposed								
for the year ended								
31st March, 2004	-	-	-	-	-	16,274	(16,274)	-
At 31st March, 2004	385,807	(19,680)	515	67,976	737	16,274	325,697	777,326
Share of exchange								
adjustments of associates	-	-	-	-	(473)	-	-	(473)
Premium arising from the								
issue of new shares	518	-	-	-	-	-	-	518
Eliminated on partial								
disposal of an associate	-	5,182	-	-	-	-	-	5,182
Net loss for the period	-	-	-	-	-	-	(44,308)	(44,308)
Prior year final dividend								
paid	-	-	-	-	-	(16,274)	-	(16,274)
Adjustment of final dividend								
for the year ended								
31st March, 2004	-	-	-	-	-	-	(5)	(5)
Interim dividend	-	-	-	-	-	16,313	(16,313)	-
At 30th September, 2004	386,325	(14,498)	515	67,976	264	16,313	265,071	721,966



13. RELATED PARTY TRANSACTIONS

During the period from 1st April, 2004 to 30th September, 2004, the Group had trade purchases from associates amounted to approximately HK\$112,921,000 (2003: HK\$104,865,000). The purchases were carried out in the ordinary course of business and at prices determined by reference to prevailing market price.

Interests in associates included advances to associates of approximately HK\$22,775,000 as at 30th September, 2004 (31st March, 2004: HK\$36,090,000):

- a. Included in advances to associates was an amount of approximately HK\$5,644,000 (31st March, 2004: HK\$5,644,000) which had been secured by certain shares of another associate. The amount was interest-free and will not be repayable in the coming twelve months.
- b. As at 31st March, 2004, included in advances to associates was an amount of approximately HK\$6,566,000 which bore interest at prime rate. The amount was unsecured and was fully repaid as at 30th September, 2004.
- c. The remaining balances of advances to associates were unsecured, interest-free and will not be repayable in the coming twelve months.

During the period from 1st April, 2004 to 30th September, 2004, the Group rented a property owned by a landlord in which the Director of the Company, Mr. Alvin LAM Kwing Wai had a beneficial interest. Total rental expenses incurred for the period amounted to HK\$480,000 (2003: HK\$390,000).

In addition to the above, the Group also provided guarantees to banks in respect of banking facilities granted to associates and investee companies as set out in note 14(b).

14. COMMITMENTS AND CONTINGENT LIABILITIES

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

	30th September, 2004 HK\$'000	31st March, 2004 HK\$'000
(a) Contracted capital commitments		
Acquisition of property, plant and equipment	243	986
Acquisition of a subsidiary	65,123	–
Contribution to an investee company	20,400	20,400
	<u>85,766</u>	<u>21,386</u>



	30th September, 2004 HK\$'000	31st March, 2004 HK\$'000
(b) Contingent liabilities		
Guarantees given in respect of banking facilities made available to:		
– associates	95,511	90,103
– investee companies	<u>13,014</u>	<u>13,014</u>
	<u>108,525</u>	<u>103,117</u>

The extent of guaranteed banking facilities utilised by the associates and investee companies as at 30th September, 2004 amounted to approximately HK\$45,909,000 (31st March, 2004: HK\$51,365,000) and HK\$13,014,000 (31st March, 2004: HK\$13,014,000) respectively.

MATERIAL ACQUISITION

The Company announced on 14th September, 2004 that an indirect wholly-owned subsidiary of the Company had conditionally agreed to purchase the entire paid-up registered capital of Sun Kai Yip (Shanghai) Industrial Investment Co., Ltd. (“Sun Kai Yip”) from an indirect wholly-owned subsidiary of GR Investment International Limited (“GRI”), at a consideration of approximately HK\$65 million (the “Purchase”). The terms of the Purchase were determined after arm’s length negotiations and were concluded on normal commercial terms. The consideration will be settled in cash and will be funded by internal resources of the Company.

Sun Kai Yip is a wholly foreign-owned enterprise duly incorporated in the PRC. Sun Kai Yip is an indirect wholly-owned subsidiary of GRI and is principally engaged in investments in textile and bearing businesses in Shanghai, the PRC.

The Purchase constitutes a discloseable transaction of the Company under the Listing Rules. Details of the Purchase are set out in the circular of the Company dated 6th October, 2004.

The completion of the Purchase is subject to, among others, the requisite resolutions being passed by the independent shareholders of GRI at the special general meeting of GRI. As the despatch of relevant circular by GRI has been delayed to on or before 18th February 2005, the completion of the Purchase is pending to the then results at the special general meeting of GRI.

**DISCLOSURES PURSUANT TO RULES 13.13 AND 13.16 OF THE LISTING RULES****Advances to entities under Rule 13.13**

Loans advanced, and guarantees given for facilities granted, to entities by the Group which individually exceeded 8% of the relevant percentage ratios under Rule 13.13 of the Listing Rules as at 30th September, 2004 are as follows:

Entities	Attributable interest held by the Group %	Non-interest bearing advances (A) HK\$'000	Guarantees given (B) HK\$'000	Extent of guaranteed facilities utilised HK\$'000	Aggregate of advances and guarantees given (A + B) HK\$'000	Notes
Sirinumma Company Limited	40.00	5,644	23,939	38	29,583	a
Siripattana Rice Company Limited	69.40	857	24,772	3,391	25,629	b, c
Siripattana Rice Company Limited and Golden Resources Export (Thailand) Company Limited	69.40 & 69.40	–	19,500	15,636	19,500	d
Sirinumma Company Limited and Siripattana Rice Company Limited	40.00 & 69.40	–	27,300	26,844	27,300	e
Aggregate of Sirinumma Company Limited and its subsidiaries		<u>6,501</u>	<u>95,511</u>	<u>45,909</u>	<u>102,012</u>	f
Dragon Fortune Limited	10.00	25,213	–	–	25,213	g
Fortune Leader Overseas Chinese (Daiyawan) Real Estate Development Company Limited	8.00	–	7,539	7,539	7,539	h
Fortune Leader Overseas Chinese (Daiyawan) Investment Company Limited	8.00	–	5,475	5,475	5,475	i
Aggregate of Dragon Fortune Limited and its subsidiaries		<u>25,213</u>	<u>13,014</u>	<u>13,014</u>	<u>38,227</u>	f

**Financial assistance to and guarantees given for facilities granted to the Company's Affiliated Companies by the Group under Rule 13.16**

Financial assistance, and guarantees given for facilities granted, to the Company's affiliated companies by the Group which in aggregate exceeded 8% of the relevant percentage ratios under Rule 13.16 of the Listing Rules as at 30th September, 2004 are as follows:

Affiliated Companies	Attributable interest held by the Group %	Non-interest bearing advances (A) HK\$'000	Guarantees given (B) HK\$'000	Extent of guaranteed facilities utilised HK\$'000	Aggregate of advances and guarantees given (A + B) HK\$'000	Notes
Aggregate of Sirinumma Company Limited and its subsidiaries		6,501	95,511	45,909	102,012	a – f
Golden World Enterprises (Wuhan) Limited	25.50	10,844	–	–	10,844	g
Openshaw Enterprises Limited	45.00	8,505	–	–	8,505	g
Clever Time Investments Limited	31.80	18,163	–	–	18,163	g
Supreme Development Company Limited	41.16	2,162	–	–	2,162	g
Total		<u>46,175</u>	<u>95,511</u>	<u>45,909</u>	<u>141,686</u>	j



The proforma combined balance sheet of the above affiliated companies as at 30th September, 2004 is as follows:

	<i>HK\$'000</i>
Non-current assets	43,761
Current assets	73,715
Current liabilities	(74,466)
Net current liabilities	(751)
Non-current liabilities	(40,577)
Shareholders' funds	<u>2,433</u>

Notes:

- (a) The advances were made pursuant to a loan agreement dated 30th August, 2002 entered into between Cost Logistics Limited, an indirect wholly-owned subsidiary of the Company ("Cost Logistics"), as lender and Sirinumma Company Limited ("Sirinumma") as borrower and they were interest-free, repayable on demand and secured by the shares in Siripattana Rice Company Limited ("Siripattana") that would be allotted and issued to Sirinumma as a result of Sirinumma's additional capital contribution to Siripattana.
- (b) The advances were current account balances for expenses incurred by Siripattana but paid by the Company for Siripattana and they were interest-free, unsecured and repayable on demand.
- (c) Siripattana is the Company's associated company and is accounted for using equity accounting method as the entire issued share capital of Siripattana is held as to 51% by Sirinumma (40% of which entire issued capital is indirectly owned by the Company) and as to 49% by Cost Logistics.
- (d) The guarantee was given for banking facilities granted to Siripattana and Golden Resources Export (Thailand) Company Limited. Golden Resources Export (Thailand) Company Limited is a direct wholly-owned subsidiary of Siripattana.
- (e) The guarantee was given for banking facilities granted to Sirinumma and Siripattana.
- (f) Aggregated pursuant to Rule 13.11(2)(c) of the Listing Rules.
- (g) The advances were made as shareholder's loans to finance the investments or working capital of respective entity or affiliated company. The advances were interest-free, unsecured and repayable on demand.



- (h) The guarantee was given for loan facilities granted to Fortune Leader Overseas Chinese (Daiyawan) Real Estate Development Company Limited ("FL Real Estate"). FL Real Estate is owned as to 80% by Fortune Leader Investment Limited ("FL Investment"), a direct wholly-owned subsidiary of Dragon Fortune Limited, and as to 20% by an Independent Third Party.
- (i) The guarantee was given for loan facilities granted to Fortune Leader Overseas Chinese (Daiyawan) Investment Company Limited ("FL Overseas"). FL Overseas is owned as to 80% by FL Investment, a direct wholly-owned subsidiary of Dragon Fortune Limited, and as to 20% by an Independent Third Party.
- (j) Aggregated pursuant to Rule 13.16 of the Listing Rules.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has cash balance of HK\$154 million and bank loans of HK\$22 million as at 30th September, 2004. With cash and other current assets of HK\$587 million as at 30th September, 2004 as well as available banking facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

BUSINESS REVIEW AND PROSPECTS

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

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

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

**INTERIM DIVIDEND**

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

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

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 3rd January, 2005 to Friday, 7th January, 2005, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars in Hong Kong, Standard Registrars Limited, G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, 31st December, 2004.

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

As at 30th September, 2004, the interests and short positions of the directors and their associates in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (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			Percentage of the issued share capital of the Company
	Personal interests	Family interests	Total interests	
Mr. David LAM Kwing Chan	7,935,000	–	7,935,000	0.61%
Mr. Alvin LAM Kwing Wai	17,500,000	6,000,000	23,500,000	1.80%
		(Note)		

Note: The family interests of 6,000,000 shares represent the interests of the wife of Mr. Alvin LAM Kwing Wai.



- (b) *Non-voting deferred shares of Golden Resources Development Limited, a 100% owned subsidiary of the Company*

Name of director	Capacity	Number of non-voting deferred shares beneficially held
Mr. David LAM Kwing Chan	Beneficial owner	260,000
Mr. Alvin LAM Kwing Wai	Beneficial owner	260,000

- (c) *Non-voting deferred shares of Yuen Loong & Company Limited, a 100% owned subsidiary of the Company*

Name of director	Capacity	Number of non-voting deferred shares beneficially held
Mr. David LAM Kwing Chan	Beneficial owner	13,000
Mr. Alvin LAM Kwing Wai	Beneficial owner	13,000

- (d) *Share options*

Name of director	Capacity	Number of options held	Number of underlying shares
Mr. Alvin LAM Kwing Wai	Beneficial owner	25,000,000	25,000,000
Madam Rosita YUEN LAM Kit Woo	Beneficial owner	25,000,000	25,000,000
Mr. Laurent LAM Kwing Chee	Beneficial owner	25,000,000	25,000,000
Mr. TSANG Siu Hung	Beneficial owner	1,250,000	1,250,000
		<u>76,250,000</u>	<u>76,250,000</u>

The details of the personal interest of the directors' underlying shares 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, none of the directors nor any of their associates had or was deemed to have any interest or short positions in the shares or underlying shares of the Company or any of its associated corporations that was required to be recorded 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, 2004, details of share options granted to the directors and employees under the existing share option scheme of the Company were as follows:

	Option grant date	Exercise price HK\$	Balance outstanding as at 1st April, 2004	Exercised during the period	Balance outstanding as at 30th September, 2004
Directors					
Mr. Alvin LAM Kwing Wai	12th January, 2001	0.26	9,000,000	–	9,000,000
	28th August, 2001	0.30	16,000,000	–	16,000,000
Madam Rosita YUEN LAM Kit Woo	12th January, 2001	0.26	15,000,000	–	15,000,000
	28th August, 2001	0.30	10,000,000	–	10,000,000
Mr. Laurent LAM Kwing Chee	12th January, 2001	0.26	15,000,000	–	15,000,000
	28th August, 2001	0.30	10,000,000	–	10,000,000
Mr. TSANG Siu Hung	30th January, 2001	0.27	1,250,000	–	1,250,000
Total			76,250,000	–	76,250,000
Employees					
	12th January, 2001	0.26	15,000,000	–	15,000,000
	30th January, 2001	0.27	5,780,000	(3,050,000)	2,730,000
	28th August, 2001	0.30	10,000,000	–	10,000,000
Total			30,780,000	(3,050,000)	27,730,000
Grand total			107,030,000	(3,050,000)	103,980,000



Details of specific categories of options are as follows:

Date of grant	Vesting period	Exercise period	Exercise Price <i>HK\$</i>
12th January, 2001	–	12th January, 2001 – 4th January, 2007	0.26
30th January, 2001	30th January, 2001 – 29th January, 2002	30th January, 2002 – 29th January, 2005	0.27 <i>(Note)</i>
28th August, 2001	–	28th August, 2001 – 4th January, 2007	0.30

Note: The exercise period is divided into 3 trenches, as detailed below:

Exercise Period	Maximum percentage of share option can be exercised in aggregate within the exercise period
1. 12 months after acceptance of option (during the period from 30th January, 2002 to 29th January, 2003)	25% or partial exercise
2. 24 months after acceptance of option (during the period from 30th January, 2003 to 29th January, 2004)	50% or partial exercise
3. 36 months after acceptance of option (during the period from 30th January, 2004 to 29th January, 2005)	100% or partial exercise

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.

SUBSTANTIAL SHAREHOLDERS

As at 30th September, 2004, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that, the Company had been notified of the following substantial shareholders' interest, being 5% or more of the Company's issued share capital:

Name of shareholder	Number of shares held	Percentage of the issued share capital of the Company
Yuen Loong International Limited ("Yuen Loong")	385,052,026	29.54% <i>(Note 1)</i>
Chelsey Developments Ltd. ("Chelsey")	236,940,000	18.18% <i>(Note 1)</i>
GR Investment International Limited ("GR Investment")	65,957,000	5.06% <i>(Note 2)</i>



Notes:

- (1) Mr. David LAM Kwing Chan, a director of the Company, is interested in approximately 24% of the issued share capital of each of Yuen Loong and Chelsey. Mr. Alvin LAM Kwing Wai, a director of the Company, is a beneficiary of a discretionary trust which is interested in approximately 26% of the issued share capital of each of Yuen Loong and Chelsey. Madam LAM TSANG Suk Yee, a director of the Company, is a beneficiary of a discretionary trust which is interested in approximately 10% of the issued share capital of each of Yuen Loong and Chelsey. Mr. Laurent LAM Kwing Chee, a director of the Company, is a beneficiary of a discretionary trust which is interested in approximately 14% of the issued share capital of each of Yuen Loong and Chelsey. Madam Rosita YUEN LAM Kit Woo, a director of the Company, is a beneficiary of a discretionary trust which is interested in approximately 9% of the issued share capital of each of Yuen Loong and Chelsey.
- (2) The corporate interests of GR Investment were attributable on account through a number of its wholly-owned subsidiaries. Attentive Investments Limited held 65,957,000 shares of the Company and was a wholly-owned subsidiary of Genius Choice Investments Limited which in turn was a wholly-owned subsidiary of GR Investment Holdings Limited. GR Investment Holdings Limited was a wholly-owned subsidiary of Accufocus Investments Limited which in turn was a wholly-owned subsidiary of GR Investment. Accordingly, Genius Choice Investments Limited, GR Investment Holdings Limited, Accufocus Investments Limited and GR Investment were all deemed to be interested in the 65,957,000 shares of the Company held by Attentive Investments Limited.

Save as disclosed above, the Company has not been notified by any other person who had an interest or short position 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 as at 30th September, 2004.

EMPLOYEES AND REMUNERATION POLICY

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

Remuneration packages are reviewed by the Group from time to time. In addition to salary payments, other fringe benefits for the staff include retirement benefits schemes and medical insurance scheme, as well as quarters and housing allowances for certain staff. The Group has taken out personal accident insurance for senior staff and the staff who frequently travel overseas on business trips.

AUDIT COMMITTEE

The audit committee comprising independent non-executive directors, Mr. CHIU Ming Hung, Mr. Andrew LAM Ping Cheung, Mr. Leo CHAN Fai Yue and Mr. John WONG Yik Chung, had reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited financial statements of the Group for the six months ended 30th September, 2004.



CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 to the Listing Rules throughout the six months ended 30th September, 2004, except that the independent non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Bye-Laws.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. All Directors have confirmed, following specific enquiry by the Company, that they fully complied with the required standard as set out in the Model Code throughout the review period.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the period.

BOARD OF DIRECTORS

As at the date of this report, the executive directors of the Company are Mr. David LAM Kwing Chan (Chairman), Mr. Alvin LAM Kwing Wai (Managing Director), Madam Rosita YUEN LAM Kit Woo, Mr. Laurent LAM Kwing Chee and Mr. TSANG Siu Hung. The non-executive director of the Company is Madam LAM TSANG Suk Yee. The independent non-executive directors of the Company are Mr. CHIU Ming Hung, Mr. Andrew LAM Ping Cheung, Mr. Leo CHAN Fai Yue and Mr. John WONG Yik Chung.

On behalf of the Board
Alvin LAM Kwing Wai
Managing Director

Hong Kong, 9th December, 2004