



GOLDEN RESOURCES  
DEVELOPMENT INTERNATIONAL LIMITED  
Incorporated in Bermuda with Limited Liability  
Stock code : 677

# 2006/2007 INTERIM REPORT



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## 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, 2006 as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

		<b>For the six months ended</b>	
		<b>30th September,</b>	
		<b>2006</b>	2005
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
Turnover	3	<b>307,224</b>	316,010
Cost of sales		<b>(229,403)</b>	(211,908)
Gross profit		<b>77,821</b>	104,102
Net unrealised loss on financial assets at fair value through profit or loss		<b>(971)</b>	(5,364)
Other income	4	<b>20,949</b>	8,912
Selling and distribution costs		<b>(14,292)</b>	(13,180)
Administrative expenses		<b>(45,949)</b>	(50,038)
Write-back of impairment loss recognised on assets upon disposal of a subsidiary		<b>2,405</b>	—
Profit from operations	3,5	<b>39,963</b>	44,432
Finance costs		<b>(328)</b>	(85)
Share of results of associates		<b>(6,430)</b>	(358)
Gain on disposal of an associate		<b>—</b>	14,179
Profit before taxation		<b>33,205</b>	58,168
Taxation	6	<b>(7,255)</b>	(9,255)
Profit for the period		<b>25,950</b>	48,913
Attributable to:			
Shareholders of the Company		<b>25,397</b>	48,750
Minority interests		<b>553</b>	163
		<b>25,950</b>	48,913
Dividend	7	<b>16,336</b>	16,336
Interim dividend per share		<b>1.25 cents</b>	1.25 cents
Earnings per share	8		
— Basic		<b>1.9 cents</b>	3.7 cents
— Diluted		<b>1.9 cents</b>	3.7 cents

## CONDENSED CONSOLIDATED BALANCE SHEET

		30th September, 2006 (Unaudited) <i>HK\$'000</i>	31st March, 2006 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		87,916	92,707
Investment properties		47,900	47,900
Interests in associates		176,856	163,751
Available-for-sale investments		130,346	143,048
Prepaid lease payments		20,119	20,370
		<b>463,137</b>	467,776
<b>CURRENT ASSETS</b>			
Inventories		55,972	63,583
Trade debtors	9	53,093	50,498
Other debtors, deposits and prepayments		130,982	124,062
Financial assets at fair value through profit or loss		96,233	107,642
Cash and cash equivalents		221,652	217,710
		<b>557,932</b>	563,495
<b>CURRENT LIABILITIES</b>			
Trade creditors	10	4,666	4,713
Other creditors and accruals		40,867	39,765
Tax liabilities		25,768	28,679
Bank loans		9,174	14,679
		<b>80,475</b>	87,836
<b>NET CURRENT ASSETS</b>		<b>477,457</b>	475,659
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>940,594</b>	943,435
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		2,680	2,103
Advances from minority shareholders		11,236	11,238
		<b>13,916</b>	13,341
		<b>926,678</b>	930,094
<b>CAPITAL AND RESERVES</b>			
Share capital	11	130,691	130,691
Reserves	12	783,171	787,135
Shareholders' equity		<b>913,862</b>	917,826
Minority interests		12,816	12,268
		<b>926,678</b>	930,094

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	For the six months ended	
		2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Total equity, at 1st April		<b>930,094</b>	847,182
Exchange adjustments			
— Attributable to shareholders of the Company	12	<b>(29)</b>	1,707
— Attributable to minority interests		<b>(7)</b>	338
Share of exchange adjustments of associates	12	<b>114</b>	(178)
Investments revaluation reserve realised on disposal of available-for-sale investments	12	<b>(5,065)</b>	—
(Deficit)/surplus on revaluation of available-for-sale investments	12	<b>(8,045)</b>	4,057
Net (losses)/gains not recognised in the income statement		<b>(13,032)</b>	5,924
Profit for the period			
— Attributable to shareholders of the Company	12	<b>25,397</b>	48,750
— Attributable to minority interests		<b>553</b>	163
		<b>25,950</b>	48,913
Prior year final dividend paid	12	<b>(16,336)</b>	(16,336)
Loss attributable to minority interests included in advances from minority shareholders		<b>2</b>	2
Total equity, at 30th September		<b>926,678</b>	885,685

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended	
	2006	2005
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash generated from operating activities	<b>13,475</b>	26,522
Net cash generated from/(used in) investing activities	<b>7,131</b>	(14,838)
Net cash used in financing activities	<b>(16,664)</b>	(24,311)
Net increase/(decrease) in cash and cash equivalents	<b>3,942</b>	(12,627)
Cash and cash equivalents at 1st April	<b>217,710</b>	224,411
Effect of foreign exchange rate changes	—	1,376
Cash and cash equivalents at 30th September	<b>221,652</b>	213,160
Analysis of the balances of cash and cash equivalents		
Time deposits, bank balances and cash	<b>217,966</b>	201,332
Short-term liquid investments	<b>3,686</b>	11,828
	<b>221,652</b>	213,160

## **NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

*For the six months ended 30th September, 2006*

### **1. BASIS OF PREPARATION**

The unaudited condensed financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (HKAS 34) "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

### **2. SIGNIFICANT ACCOUNTING POLICIES**

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties, available-for-sale investments and financial assets at fair value through profit or loss which are measured at fair values.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st March, 2006.

### 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, 2006*

	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>
<b>TURNOVER</b>					
External sales	258,326	47,749	1,149	—	307,224
<b>RESULT</b>					
Segment results	22,183	13,342	(315)	4,753	39,963
Finance costs					(328)
Share of results of associates	(1,761)	—	11	(4,680)	(6,430)
Profit before taxation					33,205
Taxation					(7,255)
Profit for the period					25,950
Attributable to:					
Shareholders of the Company					25,397
Minority interests					553
					25,950

### 3. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

#### Business segments (Continued)

Income statement for the six months ended 30th September, 2005

	Rice operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
<b>TURNOVER</b>					
External sales	307,875	6,921	1,214	—	316,010
<b>RESULT</b>					
Segment results	42,875	(1,280)	570	2,267	44,432
Finance costs					(85)
Share of results of associates	(1,027)	—	(34)	703	(358)
Gain on disposal of an associate	—	—	—	14,179	14,179
Profit before taxation					58,168
Taxation					(9,255)
Profit for the period					48,913
Attributable to:					
Shareholders of the Company					48,750
Minority interests					163
					48,913



### 3. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

#### 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:

	<b>Turnover by geographical markets For the six months ended 30th September,</b>	
	<b>2006</b>	2005
	<b>HK\$'000</b>	HK\$'000
Hong Kong	<b>245,387</b>	280,318
Elsewhere in the PRC	<b>46,568</b>	33,794
Others	<b>15,269</b>	1,898
	<b>307,224</b>	316,010

#### 4. OTHER INCOME

	For the six months ended 30th September,	
	2006	2005
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest income	9,440	5,390
Dividend income from listed available-for-sale investments	1,008	899
Gain on disposal of available-for-sale investments	7,234	2,081
Gain on disposal of financial assets at fair value through profit or loss	371	—
Gain on disposal of property, plant and equipment	371	64
Net foreign exchange gains	562	—
Sundry income	1,963	478
	<b>20,949</b>	8,912

#### 5. PROFIT FROM OPERATIONS

Profit from operations has been arrived at after charging:

	For the six months ended 30th September,	
	2006	2005
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation and amortisation of property, plant and equipment	4,996	4,236
Amortisation of prepaid lease payments	251	247

## 6. TAXATION

	<b>For the six months ended</b>	
	<b>30th September,</b>	
	<b>2006</b>	2005
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Current tax:		
Hong Kong	<b>6,630</b>	8,775
Other regions in the PRC	<b>48</b>	19
	<b>6,678</b>	8,794
Underprovision in prior years:		
Hong Kong	—	427
Other regions in the PRC	—	39
	—	466
Deferred tax	<b>577</b>	(5)
Taxation attributable to the Company and its subsidiaries	<b>7,255</b>	9,255

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

## 7. DIVIDEND

- (a) Dividend attributable to the interim period:

	<b>For the six months ended</b>	
	<b>30th September,</b>	
	<b>2006</b>	2005
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Interim dividend declared after the interim period end of 1.25 cents per share on 1,306,906,460 shares (2005: 1.25 cents per share on 1,306,906,460 shares)	<b>16,336</b>	16,336

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</b>	
	<b>30th September,</b>	
	<b>2006</b>	2005
	<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 1.25 cents per share on 1,306,906,460 shares (2005: 1.25 cents per share on 1,306,906,460 shares)	<b>16,336</b>	16,336

## 8. EARNINGS PER SHARE

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

	<b>For the six months ended 30th September,</b>	
	<b>2006</b>	2005
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Earnings for the purposes of both basic and diluted earnings per share	<b>25,397</b>	48,750
	<b>For the six months ended 30th September,</b>	
	<b>2006</b>	2005
	<b>(Unaudited)</b>	(Unaudited)
Number of shares:		
Weighted average number of shares for the purpose of basic earnings per share	<b>1,306,906,460</b>	1,306,906,460
Effect of dilutive potential shares		
— Options	<b>16,735,166</b>	16,993,848
Weighted average number of shares for the purpose of diluted earnings per share	<b>1,323,641,626</b>	1,323,900,308

## 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:

	<b>30th September, 2006 (Unaudited) HK\$'000</b>	31st March, 2006 (Audited) HK\$'000
Within 30 days	<b>23,010</b>	25,406
31 — 60 days	<b>19,236</b>	8,883
61 — 90 days	<b>4,067</b>	7,633
Over 90 days	<b>6,780</b>	8,576
	<b>53,093</b>	50,498

## 10. TRADE CREDITORS

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

	<b>30th September, 2006 (Unaudited) HK\$'000</b>	31st March, 2006 (Audited) HK\$'000
Within 30 days	<b>3,240</b>	362
31 — 60 days	<b>295</b>	565
61 — 90 days	<b>19</b>	253
Over 90 days	<b>1,112</b>	3,533
	<b>4,666</b>	4,713

## 11. SHARE CAPITAL

	<b>Number of shares of HK\$0.10 each</b>	<b>HK\$'000</b>
Authorised:		
At 1st April, 2005, 31st March, 2006 and 30th September, 2006	2,000,000,000	200,000
Issued and fully paid:		
At 1st April, 2005, 31st March, 2006 and 30th September, 2006	1,306,906,460	130,691

## 12. RESERVES

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Investments revaluation reserve HK\$'000	Exchange reserve HK\$'000	Dividend reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1st April, 2005	386,900	515	—	89	16,336	303,249	707,089
Exchange adjustments less minority interests	—	—	—	1,718	—	—	1,718
Share of exchange adjustments of associates	—	—	—	(8)	—	—	(8)
Eliminated on disposal of associates	—	—	—	936	—	—	936
Surplus on revaluation of available-for-sale investments	—	—	21,074	—	—	—	21,074
Profit for the year attributable to shareholders of the Company	—	—	—	—	—	88,998	88,998
Prior year final dividend paid	—	—	—	—	(16,336)	—	(16,336)
Interim dividend paid	—	—	—	—	—	(16,336)	(16,336)
Final dividend proposed for the year ended 31st March, 2006	—	—	—	—	16,336	(16,336)	—
At 31st March, 2006	386,900	515	21,074	2,735	16,336	359,575	787,135
Exchange adjustments less minority interests	—	—	—	(29)	—	—	(29)
Share of exchange adjustments of associates	—	—	—	114	—	—	114
Realised on disposal of available-for-sale investments	—	—	(5,065)	—	—	—	(5,065)
Deficit on revaluation of available-for-sale investments	—	—	(8,045)	—	—	—	(8,045)
Profit for the period attributable to shareholders of the Company	—	—	—	—	—	25,397	25,397
Prior year final dividend paid	—	—	—	—	(16,336)	—	(16,336)
Interim dividend	—	—	—	—	16,336	(16,336)	—
At 30th September, 2006	386,900	515	7,964	2,820	16,336	368,636	783,171

### 13. RELATED PARTY TRANSACTIONS

During the period from 1st April, 2006 to 30th September, 2006, the Group had trade purchases from associates amounted to approximately HK\$82,993,000 (2005: HK\$116,461,000). The purchases were carried out in the ordinary course of business and at prices determined by reference to prevailing market price.

#### Remuneration for key management personnel

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

	<b>For the six months ended</b>	
	<b>30th September,</b>	
	<b>2006</b>	2005
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Short-term employee benefits	<b>5,872</b>	9,656
Post-employment employee benefits	<b>191</b>	117
	<hr/>	
	<b>6,063</b>	9,773
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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 advances to associates of approximately HK\$119,734,000 as at 30th September, 2006 (31st March, 2006: HK\$100,313,000):

- a. Included in advances to associates is an amount of approximately HK\$5,644,000 (31st March, 2006: HK\$5,644,000) which has been secured by certain shares of another associate. The amount is interest-free and will not be repayable in the coming twelve months.



### 13. RELATED PARTY TRANSACTIONS *(Continued)*

- b. Included in advances to associates is an amount of approximately HK\$11,092,000 (31st March, 2006: Nil) which is interest-bearing, unsecured and will not be repayable in the coming twelve months.
- c. The remaining balance of advances to associates is unsecured, interest-free and will not be repayable in the coming twelve months.

During the period from 1st April, 2006 to 30th September, 2006, 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 (2005: HK\$480,000).

In addition to the above, the Group also provided guarantees to banks in respect of banking facilities granted to associates 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:

	<b>30th September, 2006 HK\$'000</b>	31st March, 2006 HK\$'000
<b>(a) Contracted capital commitments</b>		
Acquisition of property, plant and equipment	<b>9,547</b>	208
Capital contribution for an available-for-sale investment	<b>20,400</b>	20,400
	<b>29,947</b>	20,608
<b>(b) Contingent liabilities</b>		
Guarantees given in respect of banking facilities made available to associates	<b>145,842</b>	143,735

The extent of guaranteed banking facilities utilised by the associates as at 30th September, 2006 amounted to approximately HK\$49,106,000 (31st March, 2006: HK\$66,146,000).

## POST BALANCE SHEET EVENT

In June 2006, Win World Investments Limited, a 55% indirectly owned subsidiary of the Company, entered into a provisional agreement to dispose of an investment property to an independent third party. The investment property is situated in Hong Kong and is disposed at a cash consideration of approximately HK\$51.5 million. Completion of the disposal shall take place at the end of December 2006.

## DISCLOSURES PURSUANT TO RULES 13.13 AND 13.16 OF THE LISTING RULES

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

The following table summarises the loans and guarantees granted by the Group to (i) entities which individually exceeded 8% of the relevant percentage ratios under Rule 13.13 of the Listing Rules as at 30th September, 2006 and (ii) the Company's affiliated companies which in aggregate exceeded 8% of the relevant percentage ratios under Rule 13.16 of the Listing Rules as at 30th September, 2006:

Affiliated companies	Attributable interest held by the Group %	Interest bearing advances HK\$'000	Non-interest bearing advances HK\$'000	Total 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
<b>(i) Sirinomma Company Limited and its subsidiaries</b>								
Sirinomma Company Limited	40.00	—	5,973	5,973	26,318	—	32,291	a
Siripattana Rice Company Limited	69.40	—	18,835	18,835	27,234	—	46,069	b,c
Siripattana Rice Company Limited and Golden Resources Export (Thailand) Company Limited	69.40 and 69.40 respectively	—	—	—	19,500	16,154	19,500	d
Sirinomma Company Limited and Siripattana Rice Company Limited	40.00 and 69.40 respectively	—	—	—	27,300	15,108	27,300	e
Aggregate of Sirinomma Company Limited and its subsidiaries		—	24,808	24,808	100,352	31,262	125,160	f

**DISCLOSURES PURSUANT TO RULES 13.13 AND 13.16 OF THE LISTING RULES** *(Continued)*

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

Affiliated companies	Attributable interest held by the Group %	Interest bearing advances HK\$'000	Non-interest bearing advances HK\$'000	Total 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
(ii) <b>Dragon Fortune Ltd. and its subsidiaries</b>								
Dragon Fortune Ltd.	28.00	11,092	73,353	84,445	—	—	84,445	g
Fortune Leader Overseas Chinese (Daiyawan) Real Estate Development Company Limited	22.40	—	—	—	28,652	13,270	28,652	h
Fortune Leader Overseas Chinese (Daiyawan) Investment Company Limited	22.40	—	—	—	16,838	4,574	16,838	i
Aggregate of Dragon Fortune Ltd. and its subsidiaries		11,092	73,353	84,445	45,490	17,844	129,935	f
(iii) <b>Golden World Enterprises (Wuhan) Limited</b>	25.50	—	4,015	4,015	—	—	4,015	g
(iv) <b>Supreme Development Company Limited</b>	41.16	—	2,693	2,693	—	—	2,693	g
(v) <b>Wellight Development Limited</b>	37.50	—	7,787	7,787	—	—	7,787	g
<b>Total</b>		11,092	112,656	123,748	145,842	49,106	269,590	j

**DISCLOSURES PURSUANT TO RULES 13.13 AND 13.16 OF THE LISTING RULES** *(Continued)*

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

The proforma combined balance sheet of the above affiliated companies, as attributable to the Group, as at 30th September, 2006 is as follows:

	<i>HK\$'000</i>
Non-current assets	158,355
Current assets	159,824
Current liabilities	(124,884)
Net current assets	34,940
Non-current liabilities	(140,988)
Minority interests	(17,295)
Shareholders' equity	35,012

## **DISCLOSURES PURSUANT TO RULES 13.13 AND 13.16 OF THE LISTING RULES** *(Continued)*

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

*Notes:*

- (a) The advances included a loan 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 current account balances for expenses paid on behalf of Sirinumma. The loan was 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. The current account balances were interest-free, unsecured and repayable on demand.
- (b) The advances represented shareholder's loans to finance the working capital of Siripattana. The advances 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.

## **DISCLOSURES PURSUANT TO RULES 13.13 AND 13.16 OF THE LISTING RULES** *(Continued)*

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

*Notes: (Continued)*

- (g) The advances were made as shareholder's loans to finance the investments or working capital of respective entity or affiliated company. Advances to Dragon Fortune Ltd. included an amount of approximately HK\$11,092,000 which was interest-bearing, unsecured and will not be repayable in the coming twelve months. The remaining balances 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 Ltd., 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 Ltd., 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 had cash balance of HK\$221 million and bank loans of HK\$9 million as at 30th September, 2006. With cash and other current assets of HK\$557 million as at 30th September, 2006 as well as available banking facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

## **BUSINESS REVIEW AND PROSPECTS**

For the period under review, the Group's Hong Kong core rice business performed as anticipated. The business environment in respect of retail rice market remains challenging. The price competition is still fierce and there is no sign that such price competition may subside. To face the challenges ahead, the Group will pursue a market-driven and customer-oriented strategy by focusing on product development, marketing and brand building so as to maintain our market leading position in the Hong Kong retail market. The Group will also continue to maintain disciplined cost control to achieve higher operational efficiency. In the meantime, the Group has been taking proactive approach in expanding our core rice business in the institutional rice market. Aggressive and innovative marketing initiatives and promotional campaigns have been implemented to widen and broaden our customer base. The Group is confident that our market share in the institutional rice market will continue to expand.



## **BUSINESS REVIEW AND PROSPECTS** *(Continued)*

Golden Resources is conscious of conducting our business in a socially responsible manner. We believe that corporate social responsibility not only balances the interests of the communities in which we operate with the interests of our shareholders, but also serves as the pursuit of product excellence. Our Group was awarded “The Caring Company Logo” by the Hong Kong Council of Social Service in the past consecutive three years in recognition of our efforts to demonstrate good corporate citizenship. Besides, our Group’s Golden Elephant Brand has become the pioneer in launching degradable plastic rice bag. This new rice bag is more environmentally friendly and would help to promote environmental protection in our society. In addition, as accredited with “HACCP” and “ISO9001” on food safety and monitoring system, it is evidenced that Golden Resources is committed to pursuing product excellence.

The Group’s rice business in the Mainland China has been developing as expected. The Group believes that we have constructed a strong foothold in this market of tremendous potentials for long term sustainable growth.

The financial position of the Group continues to remain healthy and strong. Together with our net cash position of over HK\$221 million and our strong balance sheet, the Group is confident that we are perfectly positioned to exploit any investment opportunities of exceptional value.

## **INTERIM DIVIDEND**

The Directors have declared an interim dividend of 1.25 cents per share for the year ending 31st March, 2007 (2005/2006: 1.25 cents per share) to shareholders on the Register of Members of the Company on Friday, 5th January, 2007.

It is expected that cheques for the interim dividend will be despatched to those entitled thereto on or about Friday, 12th January, 2007.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Tuesday, 2nd January, 2007 to Friday, 5th January, 2007, 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, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on Friday, 29th December, 2006.

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

As at 30th September, 2006, the interests and short positions of the directors and their associates in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in the Listing Rules, were as follows:

### Long positions

#### (a) Ordinary shares of the Company

Name of director	Number of ordinary shares beneficially held in the Company			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 (Note)	23,500,000	1.80%

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

**DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES** *(Continued)*

**Long positions** *(Continued)*

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

<b>Name of director</b>	<b>Capacity</b>	<b>Number of non-voting deferred shares beneficially held</b>
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 wholly-owned subsidiary of the Company**

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

**DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES** *(Continued)*

**Long positions** *(Continued)*

**(d) Ordinary shares of Wellight Development Limited, an associate of the Company**

<b>Name of director</b>	<b>Capacity</b>	<b>Number of ordinary shares held through corporation</b>
Mr. Laurent LAM Kwing Chee	Corporate interest	300 <i>(Note)</i>

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

**(e) Share options**

<b>Name of director</b>	<b>Capacity</b>	<b>Number of options held</b>	<b>Number of underlying shares</b>
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
		<hr/> 75,000,000	<hr/> 75,000,000

## **DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES** *(Continued)*

### **Long positions** *(Continued)*

#### **(e) Share options** *(Continued)*

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, none of the directors nor their associates of the Company 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, 2006, 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 period	Exercise price* HK\$	Balance outstanding as at 1st April, 2006	Exercised during the period	Balance outstanding as at 30th September, 2006
<b>Directors</b>						
Mr. Alvin LAM Kwing Wai	12th January, 2001	12th January, 2001 — 4th January, 2007	0.26	9,000,000	—	9,000,000
	28th August, 2001	28th August, 2001 — 4th January, 2007	0.30	16,000,000	—	16,000,000
Madam Rosita YUEN LAM Kit Woo	12th January, 2001	12th January, 2001— 4th January, 2007	0.26	15,000,000	—	15,000,000
	28th August, 2001	28th August, 2001— 4th January, 2007	0.30	10,000,000	—	10,000,000
Mr. Laurent LAM Kwing Chee	12th January, 2001	12th January, 2001— 4th January, 2007	0.26	15,000,000	—	15,000,000
	28th August, 2001	28th August, 2001— 4th January, 2007	0.30	10,000,000	—	10,000,000
<b>Total</b>				75,000,000	—	75,000,000
<b>Employees</b>						
	12th January, 2001	12th January, 2001— 4th January, 2007	0.26	15,000,000	—	15,000,000
	28th August, 2001	28th August, 2001— 4th January, 2007	0.30	10,000,000	—	10,000,000
<b>Total</b>				25,000,000	—	25,000,000
<b>Grand Total</b>				100,000,000	—	100,000,000

\* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

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, 2006, 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:

<b>Name of shareholder</b>	<b>Number of shares held</b>	<b>Percentage of the issued share capital of the Company</b>
Yuen Loong International Limited ("Yuen Loong")	385,052,026	29.46% (Note 1)
Chelsey Developments Ltd. ("Chelsey")	236,940,000	18.13% (Note 1)
Prosperity Investment Holdings Limited ("Prosperity")	68,957,000	5.28% (Note 2)

### 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. 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.



## **SUBSTANTIAL SHAREHOLDERS** *(Continued)*

*Notes: (Continued)*

- (2) The corporate interests of Prosperity were attributable on account through a number of its wholly-owned subsidiaries. Attentive Investments Limited held 68,957,000 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 Prosperity. Accordingly, Genius Choice Investments Limited, GR Investment Holdings Limited, Accufocus Investments Limited and Prosperity were all deemed to be interested in the 68,957,000 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 in 5% or more of the issued share capital of the Company 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, 2006.

## **EMPLOYEES AND REMUNERATION POLICY**

The total number of employees for the Group is about 394.

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

## CORPORATE GOVERNANCE

### Corporate Governance Practices

The Company has complied with the code provisions as set out in the Code of Corporate Governance Practices (the “Code”) contained in Appendix 14 of the Listing Rules throughout the six months ended 30th September, 2006 except for the following deviations:

Under note 1 of code provision A.3 of the Code, every board of directors of a listed issuer must include at least three independent non-executive directors. Mr. Andrew LAM Ping Cheung resigned as independent non-executive director, member of audit committee and remuneration committee on 21st June, 2006 resulting that the number of independent non-executive directors and audit committee members of the Company fell below the minimum number required under rules 3.10(1) and 3.21 of the Listing Rules. On 9th August, 2006, Mr. Richard LAU Siu Sun (“Mr. Lau”) was appointed as independent non-executive director, audit committee and remuneration committee members of the Company. Following the appointment of Mr. Lau, the Company has the requisite number (being three) of independent non-executive directors and the requisite number (being three) of members of the audit committee of the Company pursuant to rules 3.10(1) and 3.21 of the Listing Rules respectively. The Company fell short of one independent non-executive director and audit committee member during the period from 21st June, 2006 to 9th August, 2006.

Code provision A.4.1 of the Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. None of the existing independent non-executive directors of the Company is appointed for a specific term. However, in accordance with the Company’s Bye-Laws, at each annual general meeting, one-third of the directors shall retire from office by rotation and become eligible for re-election. As such, the Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the Code.

## **CORPORATE GOVERNANCE** *(Continued)*

### **Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by directors. All directors have confirmed, following specific enquiry by the Company, that they fully complied with the required standard as set out in the Model Code throughout the review period.

### **AUDIT COMMITTEE**

The audit committee comprising three independent non-executive directors, Mr. John WONG Yik Chung, Mr. Leo CHAN Fai Yue and Mr. Richard LAU Siu Sun, 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, 2006.

### **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 independent non-executive directors of the Company are Mr. John WONG Yik Chung, Mr. Leo CHAN Fai Yue and Mr. Richard LAU Siu Sun.

On behalf of the Board  
**Alvin LAM Kwing Wai**  
*Managing Director*

Hong Kong, 6th December, 2006