

GR 金源米業

香港處理 食得放心

INTERIM REPORT 2007/2008



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, 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	For the six months ended 30th September,	
		2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
TURNOVER	3	358,396	307,224
Cost of sales		(273,230)	(229,403)
GROSS PROFIT		85,166	77,821
Net unrealised gain/(loss) on financial assets at fair value through profit or loss		37,157	(971)
Other income	4	46,333	20,949
Selling and distribution costs		(9,474)	(14,292)
Administrative expenses		(55,574)	(45,949)
Write-back of impairment loss recognised on assets upon disposal of a subsidiary		—	2,405
PROFIT FROM OPERATIONS	3,5	103,608	39,963
Finance costs		(113)	(328)
Share of results of associates		(7,028)	(6,430)
Gain on disposal of an associate		653	—
PROFIT BEFORE TAXATION		97,120	33,205
Taxation	6	(22,170)	(7,255)
PROFIT FOR THE PERIOD		74,950	25,950
Attributable to:			
Shareholders of the Company		74,619	25,397
Minority interests		331	553
		74,950	25,950
DIVIDEND	7	17,586	16,336
INTERIM DIVIDEND PER SHARE		1.25 cents	1.25 cents
EARNINGS PER SHARE	8		
— Basic		5.3 cents	1.9 cents
— Diluted		5.3 cents	1.9 cents

CONDENSED CONSOLIDATED BALANCE SHEET

	30th September, 2007	31st March, 2007
	(Unaudited)	(Audited)
Notes	HK\$'000	HK\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	78,290	85,332
Investment properties	23,480	23,480
Interests in associates	175,766	182,417
Available-for-sale investments	143,467	131,840
Prepaid lease payments	19,929	20,084
	440,932	443,153
CURRENT ASSETS		
Inventories	70,741	66,170
Trade debtors	53,323	43,449
Other debtors, deposits and prepayments	51,499	106,040
Financial assets at fair value through profit or loss	192,143	150,009
Cash and cash equivalents	366,957	299,850
	734,663	665,518
CURRENT LIABILITIES		
Trade creditors	6,529	2,913
Other creditors and accruals	17,701	35,330
Tax liabilities	43,604	39,106
	67,834	77,349
NET CURRENT ASSETS		
	666,829	588,169
TOTAL ASSETS LESS CURRENT LIABILITIES		
	1,107,761	1,031,322
NON-CURRENT LIABILITIES		
Deferred tax liabilities	2,647	2,700
Advances from minority shareholders	1,915	9,313
	4,562	12,013
	1,103,199	1,019,309
CAPITAL AND RESERVES		
Share capital	140,691	140,691
Reserves	949,030	865,933
Shareholders' equity	1,089,721	1,006,624
Minority interests	13,478	12,685
	1,103,199	1,019,309

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		For the six months ended	
		30th September,	
		2007	2006
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Total equity, at 1st April		1,019,309	930,094
Exchange adjustments			
— Attributable to shareholders of the Company	12	3,226	(29)
— Attributable to minority interests		460	(7)
Share of exchange adjustments of associates	12	1,934	114
Investments revaluation reserve realised on disposal of available-for-sale investments	12	(15,173)	(5,065)
Surplus/(deficit) on revaluation of available-for-sale investments	12	39,595	(8,045)
Net gains/(losses) not recognised in the income statement		30,042	(13,032)
Profit for the period			
— Attributable to shareholders of the Company	12	74,619	25,397
— Attributable to minority interests		331	553
		74,950	25,950
Prior year final dividend paid	12	(21,104)	(16,336)
Loss attributable to minority interests included in advances from minority shareholders		2	2
Total equity, at 30th September		1,103,199	926,678

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended	
	30th September,	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash generated from operating activities	27,336	13,475
Net cash generated from investing activities	65,246	7,131
Net cash used in financing activities	(28,613)	(16,664)
Net increase in cash and cash equivalents	63,969	3,942
Cash and cash equivalents at 1st April	280,224	217,710
Effect of foreign exchange rate changes	2,742	—
Cash and cash equivalents at 30th September	346,935	221,652
Analysis of the balances of cash and cash equivalents		
Time deposits, bank balances and cash	366,957	217,966
Short-term liquid investments	—	3,686
	366,957	221,652
Less: Pledged bank deposit	(20,022)	—
	346,935	221,652

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th September, 2007

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, 2007.

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, 2007

	Rice operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
TURNOVER					
External sales	251,469	106,416	511	–	358,396
RESULT					
Segment results	13,159	84,012	1,493	4,944	103,608
Finance costs					(113)
Share of results of associates	(1,339)	–	–	(5,689)	(7,028)
Gain on disposal of an associate	653	–	–	–	653
Profit before taxation					97,120
Taxation					(22,170)
Profit for the period					74,950
Attributable to:					
Shareholders of the Company					74,619
Minority interests					331
					74,950

3. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)***Business segments** *(Continued)**Income statement for the six months ended 30th September, 2006*

	Rice operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
TURNOVER					
External sales	258,326	47,749	1,149	—	307,224
RESULT					
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)*

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,	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Hong Kong	278,538	245,387
Elsewhere in the PRC	66,030	46,568
Others	13,828	15,269
	358,396	307,224

4. OTHER INCOME

	For the six months ended	
	30th September,	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest income	11,631	9,440
Dividend income from listed available-for-sale investments and financial assets at fair value through profit or loss	1,767	1,008
Gain on disposal of available-for-sale investments	23,148	7,234
Gain on disposal of financial assets at fair value through profit or loss	4,298	371
Gain on disposal of property, plant and equipment	2,764	371
Net foreign exchange gains	—	562
Sundry income	2,725	1,963
	46,333	20,949

5. PROFIT FROM OPERATIONS

Profit from operations has been arrived at after charging:

	For the six months ended 30th September,	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation and amortisation of property, plant and equipment	5,074	4,996
Amortisation of prepaid lease payments	254	251

6. TAXATION

	For the six months ended 30th September,	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	19,412	6,630
Other regions in the PRC	2,681	48
	22,093	6,678
Underprovision in prior years:		
Other regions in the PRC	130	—
Deferred tax	(53)	577
Taxation attributable to the Company and its subsidiaries	22,170	7,255

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:

For the six months ended	
30th September,	
2007	2006
(Unaudited)	(Unaudited)
HK\$'000	HK\$'000

Interim dividend declared after the interim period end of 1.25 cents per share on 1,406,906,460 shares (2006: 1.25 cents per share on 1,306,906,460 shares)	17,586	16,336
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The interim dividend declared after the interim period end has not been recognised as a liability at the interim period end date.

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

For the six months ended	
30th September,	
2007	2006
(Unaudited)	(Unaudited)
HK\$'000	HK\$'000

Final dividend in respect of the previous financial year, approved and paid during the interim period, of 1.5 cents per share on 1,406,906,460 shares (2006: 1.25 cents per share on 1,306,906,460 shares)	21,104	16,336
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8. EARNINGS PER SHARE

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

	For the six months ended 30th September,	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings for the purposes of both basic and diluted earnings per share	74,619	25,397
	For the six months ended 30th September,	
	2007	2006
	(Unaudited)	(Unaudited)
Number of shares:		
Weighted average number of shares for the purpose of basic earnings per share	1,406,906,460	1,306,906,460
Effect of dilutive potential shares		
— Options	—	16,735,166
Weighted average number of shares for the purpose of diluted earnings per share	1,406,906,460	1,323,641,626

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, 2007 (Unaudited) HK\$'000	31st March, 2007 (Audited) HK\$'000
Within 30 days	29,956	14,757
31-60 days	16,749	17,348
61-90 days	2,033	8,079
Over 90 days	4,585	3,265
	53,323	43,449

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

10. TRADE CREDITORS

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

	30th September, 2007 (Unaudited) HK\$'000	31st March, 2007 (Audited) HK\$'000
Within 30 days	6,339	2,583
31-60 days	53	134
61-90 days	53	80
Over 90 days	84	116
	6,529	2,913

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

11. SHARE CAPITAL

	Number of shares of HK\$0.10 each	<i>HK\$'000</i>
Authorised:		
At 1st April, 2006 and 31st March, 2007	2,000,000,000	200,000
Increase in authorised share capital	1,000,000,000	100,000
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At 30th September, 2007	3,000,000,000	300,000
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Issued and fully paid:		
At 1st April, 2006	1,306,906,460	130,691
Exercise of share options	100,000,000	10,000
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At 31st March, 2007 and 30th September, 2007	1,406,906,460	140,691
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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, 2006	386,900	515	21,074	2,735	16,336	359,575	787,135
Exchange adjustments less minority interests	–	–	–	7,490	–	–	7,490
Share of exchange adjustments of associates	–	–	–	7,228	–	–	7,228
Exercise of share options	17,840	–	–	–	–	–	17,840
Realised on disposal of available-for-sale investments	–	–	(17,142)	–	–	–	(17,142)
Eliminated on disposal of subsidiaries	–	–	–	(2,310)	–	–	(2,310)
Surplus on revaluation of available-for-sale investments	–	–	22,536	–	–	–	22,536
Profit for the year attributable to shareholders of the Company	–	–	–	–	–	77,078	77,078
Prior year final dividend paid	–	–	–	–	(16,336)	–	(16,336)
Interim dividend paid	–	–	–	–	–	(17,586)	(17,586)
Final dividend proposed for the year ended 31st March, 2007	–	–	–	–	21,104	(21,104)	–
At 31st March, 2007	404,740	515	26,468	15,143	21,104	397,963	865,933
Exchange adjustments less minority interests	–	–	–	3,226	–	–	3,226
Share of exchange adjustments of associates	–	–	–	1,934	–	–	1,934
Realised on disposal of available-for-sale investments	–	–	(15,173)	–	–	–	(15,173)
Surplus on revaluation of available-for-sale investments	–	–	39,595	–	–	–	39,595
Profit for the period attributable to shareholders of the Company	–	–	–	–	–	74,619	74,619
Prior year final dividend paid	–	–	–	–	(21,104)	–	(21,104)
Interim dividend	–	–	–	–	17,586	(17,586)	–
At 30th September, 2007	404,740	515	50,890	20,303	17,586	454,996	949,030

13. RELATED PARTY TRANSACTIONS

During the period from 1st April, 2007 to 30th September, 2007, the Group had trade purchases from associates amounted to approximately HK\$114,302,000 (2006: HK\$82,993,000). 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:

	For the six months ended	
	30th September,	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short-term employee benefits	11,590	5,872
Post-employment employee benefits	198	191
	11,788	6,063

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\$120,270,000 as at 30th September, 2007 (31st March, 2007: HK\$120,578,000):

- a. Included in advances to associates is an amount of approximately HK\$6,926,000 (31st March, 2007: HK\$6,926,000) 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. As at 31st March, 2007, included in advances to associates was an amount of approximately HK\$11,700,000 which was interest-bearing at Hong Kong Dollars prime rate plus 2%. The amount was unsecured and was fully repaid as at 30th September, 2007.
- c. The remaining balance of advances to associates is unsecured, interest-free and will not be repayable in the coming twelve months.

As at 30th September, 2007, the Group pledged a bank deposit of approximately HK\$20 million and provided guarantees to banks in respect of banking facilities granted to associates as set out in note 14(b).

During the period from 1st April, 2007 to 30th September, 2007, 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 (2006: HK\$480,000).

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, 2007 (Unaudited) HK\$'000	31st March, 2007 (Audited) HK\$'000
(a) Contracted capital commitments		
Acquisition of property, plant and equipment	1,093	—
Capital contribution for an available-for-sale investment	20,400	20,400
	21,493	20,400
(b) Contingent liabilities and financial guarantees issued		
Guarantees given in respect of banking facilities made available to associates	171,023	154,996

The extent of guaranteed banking facilities utilised by the associates as at 30th September, 2007 amounted to approximately HK\$50,932,000 (31st March, 2007: HK\$57,286,000).

At the above reporting dates, 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 Group has not recognised any deferred income in respect of the guarantees granted as their fair values and their transaction prices cannot be measured reliably.

POST BALANCE SHEET EVENTS

- a. On 2nd October, 2007, a wholly-owned subsidiary of the Company entered into a subscription agreement with 139 Holdings Limited, a company listed in Hong Kong and to be renamed as GR Vietnam Holdings Limited ("GR Vietnam"), to subscribe for 680,000,000 shares ("Subscription") in GR Vietnam at a cash consideration of HK\$170,000,000. Completion of the Subscription took place on 21st November, 2007. The Subscription represented approximately 24.09% interest in the enlarged issued share capital of GR Vietnam at the completion date. The cash consideration of HK\$170,000,000 was funded partly by the net proceeds from the placing of unlisted convertible notes by the Company and partly by the internal resources of the Group.

- b. On 8th October, 2007, the Company entered into a placing agreement with an independent third party for the placing of convertible notes ("Placing") in cash to the extent of HK\$85,500,000. Pursuant to the placing agreement, the convertible notes were placed to independent third parties by the end of October 2007. The convertible notes bear interest at 4% per annum and will be matured on the third anniversary from the date of issue. The initial conversion price is HK\$0.90 per share and the conversion shares to be allotted and issued as a result of the exercise of the conversion rights will rank *pari passu* in all respects with all other existing shares outstanding at the date of the conversion. The net proceeds from the Placing were used to finance the Subscription in GR Vietnam.

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, 2007 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, 2007:

	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
(i) Sirinumma Company Limited and its subsidiaries						
Sirinumma Company Limited	40.00	7,120	28,949	3,645	36,069	a
Siripattana Rice Company Limited	69.40	19,138	49,456	17,768	68,594	b, c
Sirinumma Company Limited and Siripattana Rice Company Limited	40.00 and 69.40 respectively	–	27,300	22,347	27,300	d
Aggregate of Sirinumma Company Limited and its subsidiaries		26,258	105,705	43,760	131,963	e

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 %	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
(ii) Dragon Fortune Ltd. and its subsidiaries						
Dragon Fortune Ltd.	28.00	72,383	–	–	72,383	f
Fortune Leader Investment Limited	28.00	–	43,680	5,815	43,680	g
Fortune Leader Overseas Chinese (Daiyawan) Investment Company Limited	22.40	–	16,838	1,357	16,838	h
Aggregate of Dragon Fortune Ltd. and its subsidiaries		72,383	60,518	7,172	132,901	e
(iii) Golden World Enterprises (Wuhan) Limited						
	25.50	3,246	–	–	3,246	f
(iv) Supreme Development Company Limited						
	41.16	1,763	–	–	1,763	f
(v) Wellight Development Limited						
	37.50	9,515	–	–	9,515	f
(vi) Loyal Brilliant Limited						
	48.00	4,327	–	–	4,327	f
(vii) 阿爾拔食品(深圳)有限公司						
	48.00	6,023	4,800	–	10,823	f, i
Total		123,515	171,023	50,932	294,538	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, 2007 is as follows:

	<i>HK\$'000</i>
Non-current assets	170,701
Current assets	180,886
Current liabilities	(172,005)
Net current assets	8,881
Non-current liabilities	(126,681)
Minority interests	(17,430)
Shareholders' equity	35,471

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.

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)

- (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 Sirinumma and Siripattana.
- (e) Aggregated pursuant to Rule 13.11(2)(c) of the Listing Rules.
- (f) The advances were made as shareholder's loans to finance the investments or working capital of respective entity or affiliated company. The balances were interest-free, unsecured and repayable on demand.
- (g) The guarantee was given for standby letter of credit facility granted to Fortune Leader Investment Limited ("FL Investment"). FL Investment is a direct wholly-owned subsidiary of Dragon Fortune Ltd.
- (h) 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 and as to 20% by an Independent Third Party.
- (i) The guarantee was given for banking facilities granted to 阿爾拔食品(深圳)有限公司.
- (j) Aggregated pursuant to Rule 13.16 of the Listing Rules.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had cash balance of HK\$366 million and no outstanding bank loans as at 30th September, 2007. With cash and other current assets of HK\$734 million as at 30th September, 2007 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 Hong Kong core rice business was increasingly challenging. The price competition of the major supermarket chains in the retail rice market remained fierce. This affected the performance of the Hong Kong rice business. We anticipate that the intense competition will continue to persist. To alleviate the impact on the Group's performance, we have been launching proactive and innovative marketing initiatives to widen our customer base in the retail rice market. In addition, we have also been aggressively expanding our rice business in the institutional rice market. To complement the organic growth in the institutional rice market, we are also actively pursuing merger and acquisition opportunities to augment its expansion potential. To sustain the profitability of the Group, we have been continuously carrying out cost control management so as to optimize the operational efficiency and to enhance the competitive advantages.

To clearly exhibit our commitment to the food safety and corporate social responsibility to the community, we have been accredited the "HACCP" and "ISO 9001" food safety and monitoring certifications, which is the first of its kind in the Hong Kong rice industry. We have also received the "Caring Company Logo" award from the Hong Kong Council of Social Service for the past three consecutive years, the "Q-Mark" award from the Federation of Hong Kong Industries for over fifteen years and the "Top 10 Favourite Brands" award from Wellcome Supermarket for the past two consecutive years. To help promote the environmental protection in our society, we have used the degradable plastic material made rice bag to package our rice, which is also the first of its kind in the Hong Kong rice business.

BUSINESS REVIEW AND PROSPECTS *(Continued)*

With admission to the World Trade Organisation in early 2007, Vietnam will benefit from the increasing foreign direct investments and the fast growing economy. We believe that Vietnam is offering tremendous business opportunities where we can diversify our business there to bring in new income streams to the Group. In June 2007, the Group entered into a memorandum of understanding with The People's Committee of Tien Giang Province, Vietnam whereby the Group has agreed to participate in the development of three infrastructure projects. In October 2007, we referred 139 Holdings Limited, to be renamed as GR Vietnam Holdings Ltd ("GR Vietnam") (SEHK: 0139), to the Vietnam partner to participate in the development in relation to the operation of convenience store, the provision of logistics services and the investment in a port in Vietnam. At the same time, through the subscription of shares in GR Vietnam, amounting to HK\$170,000,000, we have become its single largest substantial shareholder and indirectly participated in these projects so as to ensure that we will benefit from the favourable returns of these projects. The share subscription in GR Vietnam was partly financed by the issuance of convertible note to the extent of HK\$85,500,000. We are confident that the Group has laid solid foundation in Vietnam for business investment and development that will bring enormous economic benefits to the Group.

The financial position of the Group remains strong and healthy. As at the balance sheet date, our net cash position was approximately HK\$366 million. For the period under review, the Group reaped the benefit from the quality investment portfolio that the investment returns from the investment portfolio achieved good results and contributed favourably to the Group's performance. Despite the recent volatility of the investment markets subsequent to the period under review, we are confident that the well balanced and quality investment portfolio can deliver satisfactory returns to the Group and add value to the shareholders in the years to come.

INTERIM DIVIDEND

The Directors have declared an interim dividend of 1.25 cents per share for the year ending 31st March, 2008 (2006/2007: 1.25 cents per share) to shareholders on the Register of Members of the Company on Friday, 4th January, 2008.

It is expected that cheques for the interim dividend will be despatched to those entitled thereto on or about Friday, 11th January, 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 31st December, 2007 to Friday, 4th January, 2008, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrars in Hong Kong, Tricor Standard Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on Friday, 28th December, 2007.

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

As at 30th September, 2007, 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				Total interests	Approximate percentage of the issued share capital of the Company
	Personal interests	Family interests	Corporate interests			
Mr. David LAM Kwing Chan	7,935,000	–	–	7,935,000	0.56%	
Mr. Alvin LAM Kwing Wai	17,500,000	6,000,000	68,957,000	92,457,000	6.57%	
					(Note)	

Note: These 92,457,000 shares are held by Mr. Alvin LAM Kwing Wai, a director of the Company, as beneficial owner in respect of 17,500,000 shares, as family interests in respect of 6,000,000 shares and as interests in controlled corporation in respect of 68,957,000 shares.

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

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 wholly-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) Ordinary shares of Wellight Development Limited, an associate of the Company

Name of director	Capacity	Number of ordinary shares held through corporation
Mr. Laurent LAM Kwing Chee	Interest in controlled corporation	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.

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

Long positions *(Continued)*

Save as disclosed above, as at 30th September, 2007, none of the directors nor their associates of the Company had or was deemed to have any interest or short position 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

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, 2007, 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")	485,052,026	34.48% <i>(Note 2)</i>
Chelsey Developments Ltd. ("Chelsey")	236,940,000	16.84% <i>(Note 2)</i>

Notes:

- (1) These shares represent long position.
- (2) 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 interested in approximately 14% of the issued share capital of each of Yuen Loong and Chelsey through interests in controlled corporation. Madam Rosita YUEN LAM Kit Woo, a director of the Company, is interested in approximately 9% of the issued share capital of each of Yuen Loong and Chelsey through interests in controlled corporation.

SUBSTANTIAL SHAREHOLDERS *(Continued)*

Save as disclosed above, as at 30th September, 2007, the Company had not been notified by any persons (other than directors and 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 374.

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, 2007 except for the following deviation:

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, 2007.

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, 10th December, 2007