

GOLDEN
RESOURCES

Interim
Report

2010/2011



GOLDEN RESOURCES
DEVELOPMENT INTERNATIONAL LIMITED
(Stock Code: 677)

Incorporated in Bermuda with Limited Liability

Interim Report 2010/2011

Golden Resources Development International Limited

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, 2010 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30th September,	
	Notes	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
TURNOVER	3	390,411	354,939
Cost of sales		(291,112)	(265,464)
GROSS PROFIT		99,299	89,475
Net unrealized gain on financial assets at fair value through profit or loss		277	28,627
Net other income	4	6,825	19,762
Selling and distribution costs		(11,028)	(12,826)
Administrative expenses		(47,309)	(49,846)
PROFIT FROM OPERATIONS	3	48,064	75,192
Finance costs		(458)	(988)
Share of results of associates		1,127	73,123
Gain on disposal of an associate		54,313	—
Write-back of impairment loss on interests in associate		—	17,731
PROFIT BEFORE TAXATION	5	103,046	165,058
Taxation	6	(7,913)	(6,053)
PROFIT FOR THE PERIOD		95,133	159,005
Attributable to:			
Shareholders of the Company		95,585	159,834
Non-controlling interests		(452)	(829)
		95,133	159,005
DIVIDEND	7	18,637	18,175
INTERIM DIVIDEND PER SHARE		HK1.2 cents	HK1.2 cents
EARNINGS PER SHARE	8		
— Basic		HK6.2 cents	HK11.3 cents
— Diluted		HK5.7 cents	HK10.8 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended	
	30th September,	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	95,133	159,005
OTHER COMPREHENSIVE INCOME/(LOSS)		
(Deficit)/surplus on revaluation of available-for-sale investments	(125)	361
Exchange differences on translation of foreign operations	3,140	142
Share of other comprehensive income of associates	4,125	3,203
Exchange reserve and other reserves eliminated on disposal of an associate	756	—
Investments revaluation reserve realized on disposal of available-for-sale investments	—	1,022
Other comprehensive income for the period, net of tax	7,896	4,728
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	103,029	163,733
Total comprehensive income attributable to:		
Shareholders of the Company	102,927	164,536
Non-controlling interests	102	(803)
	103,029	163,733

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30th September, 2010 (Unaudited) HK\$'000	31st March, 2010 (Audited) HK\$'000
Notes		
NON-CURRENT ASSETS		
Property, plant and equipment	81,092	85,597
Investment properties	39,340	39,340
Interests in associates	238,185	279,045
Available-for-sale investments	45,491	41,390
Prepaid lease payments	18,871	19,023
	422,979	464,395
CURRENT ASSETS		
Inventories	102,782	90,305
Trade debtors	88,643	80,417
Other debtors, deposits and prepayments	36,197	30,640
Financial assets at fair value through profit or loss	178,117	169,990
Cash and cash equivalents	321,383	245,787
	727,122	617,139
CURRENT LIABILITIES		
Trade creditors	7,891	14,078
Other creditors and accruals	15,111	16,145
Tax liabilities	31,047	25,881
	54,049	56,104
NET CURRENT ASSETS	673,073	561,035
TOTAL ASSETS LESS CURRENT LIABILITIES	1,096,052	1,025,430
NON-CURRENT LIABILITIES		
Deferred tax liabilities	2,955	3,385
Convertible notes	34,483	38,924
	37,438	42,309
	1,058,614	983,121
CAPITAL AND RESERVES		
Share capital	155,306	153,383
Reserves	891,037	817,569
Shareholders' equity	1,046,343	970,952
Non-controlling interests	12,271	12,169
	1,058,614	983,121

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September, 2010

	Shareholders' equity										Non-controlling interests HK\$'000	Total HK\$'000	
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Convertible notes equity reserve HK\$'000	Investments revaluation reserve HK\$'000	Property revaluation reserve HK\$'000	Exchange reserve HK\$'000	Other reserves HK\$'000	Dividend reserve HK\$'000	Retained earnings HK\$'000			Total shareholders' equity HK\$'000
At 1st April, 2010	153,383	425,048	515	1,186	(1,357)	5,128	45,505	13,326	18,406	309,812	970,952	12,169	983,121
Profit for the period	—	—	—	—	—	—	—	—	—	95,585	95,585	(452)	95,133
Other comprehensive income/(loss) for the period:													
Deficit on revaluation of available-for-sale investments	—	—	—	—	(125)	—	—	—	—	—	(125)	—	(125)
Exchange adjustments	—	—	—	—	—	—	2,586	—	—	—	2,586	554	3,140
Share of reserve movements of associates	—	—	—	—	—	—	3,837	288	—	—	4,125	—	4,125
Eliminated on disposal of an associate	—	—	—	—	—	—	352	404	—	—	756	—	756
	—	—	—	—	(125)	—	6,775	692	—	—	7,342	554	7,896
Total comprehensive income for the period	—	—	—	—	(125)	—	6,775	692	—	95,585	102,927	102	103,029
Eliminated on disposal of an associate	—	—	—	—	—	—	—	(13,750)	—	—	(13,750)	—	(13,750)
Issue of ordinary shares pursuant to conversion of convertible notes	1,923	3,077	—	(149)	—	—	—	—	—	—	4,851	—	4,851
Prior year final dividend paid	—	—	—	—	—	—	—	(18,406)	(231)	(18,637)	(18,637)	—	(18,637)
Interim dividend	—	—	—	—	—	—	—	—	18,637	(18,637)	—	—	—
At 30th September, 2010	155,306	428,125	515	1,037	(1,482)	5,128	52,280	248	18,637	386,529	1,046,343	12,271	1,058,614

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For the six months ended 30th September, 2009

	Shareholders' equity								Total share- holders' equity HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000	
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Convertible notes equity reserve HK\$'000	Investments revaluation reserve HK\$'000	Exchange reserve HK\$'000	Other reserves HK\$'000	Dividend reserve HK\$'000				Retained earnings HK\$'000
At 1st April, 2009	140,691	404,740	515	2,169	(2,735)	42,671	10,267	14,069	172,225	784,612	12,314	796,926
Profit for the period	—	—	—	—	—	—	—	—	159,834	159,834	(829)	159,005
Other comprehensive income for the period:												
Surplus on revaluation of available-for-sale investments	—	—	—	—	361	—	—	—	—	361	—	361
Realized on disposal of available-for-sale investments	—	—	—	—	1,022	—	—	—	—	1,022	—	1,022
Exchange adjustments	—	—	—	—	—	116	—	—	—	116	26	142
Share of reserve movements of associates	—	—	—	—	—	2,070	1,133	—	—	3,203	—	3,203
	—	—	—	—	1,383	2,186	1,133	—	—	4,702	26	4,728
Total comprehensive income for the period	—	—	—	—	1,383	2,186	1,133	—	159,834	164,536	(803)	163,733
Issue of ordinary shares pursuant to conversion of convertible notes	3,846	6,154	—	(298)	—	—	—	—	—	9,702	—	9,702
Prior year final dividend paid	—	—	—	—	—	—	—	(14,069)	(385)	(14,454)	—	(14,454)
Interim dividend	—	—	—	—	—	—	—	18,175	(18,175)	—	—	—
At 30th September, 2009	144,537	410,894	515	1,871	(1,352)	44,857	11,400	18,175	313,499	944,396	11,511	955,907

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended	
	30th September,	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash generated from operating activities	3,655	30,143
Net cash generated from/(used in) investing activities	77,676	(61,667)
Net cash used in financing activities	(18,637)	(14,644)
Net increase/(decrease) in cash and cash equivalents	62,694	(46,168)
Cash and cash equivalents at 1st April	218,067	210,311
Effect of foreign exchange rate changes	1,796	62
Cash and cash equivalents at 30th September	282,557	164,205
Analysis of the balances of cash and cash equivalents		
Time deposits, bank balances and cash	321,383	272,259
Less: Pledged cash and cash equivalents	(38,826)	(108,054)
	282,557	164,205

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th September, 2010

1. BASIS OF PREPARATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies applied in the unaudited condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st March, 2010, except as described below.

In the current period, the Group has applied, for the first time, all new or revised standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA with effect from the beginning of current accounting period.

The application of HKFRS 3 (Revised) "Business Combinations" affects the Group's accounting policy for business combination for which the acquisition date is on or after 1st April, 2010. HKAS 27 (Revised) "Consolidated and Separate Financial Statements" affects the accounting treatment for changes in the Group's ownership interest in a subsidiary.

The adoption of these new HKFRSs had no material effect on the results and financial position of the Group for the current and/or prior accounting periods. Accordingly, no prior period adjustment has been required.

3. SEGMENT INFORMATION

An analysis of the Group's segment information by operating segments is as follows:

Operating segments

Income statement for the six months ended 30th September, 2010

	Rice operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
TURNOVER					
External sales	389,690	—	721	—	390,411
RESULT					
Segment results	43,135	4,492	(946)	1,383	48,064
Finance costs					(458)
Share of results of associates	(106)	—	(43)	1,276	1,127
Gain on disposal of an associate	—	—	—	54,313	54,313
Profit before taxation					103,046
Taxation					(7,913)
Profit for the period					95,133
Attributable to:					
Shareholders of the Company					95,585
Non-controlling interests					(452)
					95,133

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Segment assets and liabilities as at 30th September, 2010

	Rice operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
ASSETS					
Segment assets	247,567	190,186	119,813	354,350	911,916
Interests in associates	1,190	—	88,729	148,266	238,185
Consolidated total assets					<u>1,150,101</u>
LIABILITIES					
Segment liabilities	22,473	—	516	34,496	57,485
Unallocated corporate liabilities					<u>34,002</u>
Consolidated total liabilities					<u>91,487</u>

Income statement for the six months ended 30th September, 2009

	Rice operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
TURNOVER					
External sales	354,357	—	582	—	354,939
RESULT					
Segment results	30,837	43,488	(1,341)	2,208	75,192
Finance costs					(988)
Share of results of associates	4	—	82,117	(8,998)	73,123
Write-back of impairment loss on interests in associate	17,731	—	—	—	17,731
Profit before taxation					165,058
Taxation					(6,053)
Profit for the period					<u>159,005</u>
Attributable to:					
Shareholders of the Company					159,834
Non-controlling interests					(829)
					<u>159,005</u>

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Segment assets and liabilities as at 31st March, 2010

	Rice operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
ASSETS					
Segment assets	229,556	176,751	121,351	274,831	802,489
Interests in associates	1,224	—	86,344	191,477	<u>279,045</u>
Consolidated total assets					<u>1,081,534</u>
LIABILITIES					
Segment liabilities	28,566	1,163	475	38,943	69,147
Unallocated corporate liabilities					<u>29,266</u>
Consolidated total liabilities					<u>98,413</u>

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4. NET OTHER INCOME

	For the six months ended	
	30th September,	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
		As restated
Interest income on:		
— Financial assets at fair value through profit or loss	4,674	2,727
— Financial assets not designated as at fair value through profit or loss	1,837	2,327
	6,511	5,054
Dividend from:		
— Listed available-for-sale investments	25	16
— Listed financial assets at fair value through profit or loss	1,088	829
	1,113	845
Net realized (loss)/gain on disposals of financial assets:		
— Available-for-sale investments	—	(799)
— Financial assets at fair value through profit or loss	(1,793)	10,471
	(1,793)	9,672
Net realized loss on derivative financial instruments	(336)	—
Impairment loss on loan receivable	(300)	—
Net gain on disposal of property, plant and equipment	46	113
Net foreign exchange gain	713	3,139
Sundry income	871	939
	6,825	19,762

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5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	For the six months ended 30th September,	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation and amortisation of property, plant and equipment	5,790	5,345
Amortisation of prepaid lease payments	260	260
Effective interest on convertible notes	458	798

6. TAXATION

	For the six months ended 30th September,	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	8,137	5,585
Other regions in the PRC	206	258
	8,343	5,843
Deferred tax	(430)	210
Taxation attributable to the Company and its subsidiaries	7,913	6,053

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. Taxation arising in other regions in the PRC is calculated in accordance with the relevant laws of the PRC.

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7. DIVIDEND

(a) Dividend attributable to the interim period:

	For the six months ended 30th September,	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interim dividend declared after the interim period end of 1.2 cents per share on 1,553,060,305 shares (2009: 1.2 cents per share on 1,514,598,767 shares)	18,637	18,175

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,	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year:		
Approved and paid during the interim period	18,406	14,069
Additional final dividend payment for ordinary shares issued during the period	231	385
Total final dividend payment in respect of the previous financial year of 1.2 cents per share on 1,553,060,305 shares (2009: 1 cent per share on 1,445,367,998 shares)	18,637	14,454

8. EARNINGS PER SHARE

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

	For the six months ended 30th September,	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings for the purpose of basic earnings per share:		
Profit for the period attributable to shareholders of the Company	95,585	159,834
Effect of dilutive potential ordinary shares:		
Effective interest on convertible notes	458	798
Earnings for the purpose of diluted earnings per share	96,043	160,632

	For the six months ended 30th September,	
	2010	2009
	(Unaudited)	(Unaudited)
Number of shares:		
Weighted average number of shares for the purpose of basic earnings per share	1,538,663,500	1,418,676,111
Effect of dilutive potential ordinary shares:		
Convertible notes issued by the Company	148,242,959	65,021,864
Weighted average number of shares for the purpose of diluted earnings per share	1,686,906,459	1,483,697,975

9. TRADE DEBTORS

The Group allows an average credit period of 30-60 days to its trade customers. The following is an aging analysis of trade debtors at the end of the reporting period:

	30th September, 2010 (Unaudited) HK\$'000	31st March, 2010 (Audited) HK\$'000
Within 30 days	39,211	45,648
31-60 days	32,625	24,909
61-90 days	7,963	6,272
Over 90 days	8,844	3,588
	88,643	80,417

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

As at 30th September, 2010, trade debtors over 90 days amounted to HK\$8,844,000 (31st March, 2010: HK\$3,588,000) were past due but not impaired as the balances were related to debtors with sound repayment history and no recent history of default.

10. TRADE CREDITORS

The following is an aging analysis of trade creditors at the end of the reporting period:

	30th September, 2010 (Unaudited) HK\$'000	31st March, 2010 (Audited) HK\$'000
Within 30 days	7,825	9,032
31-60 days	66	5,033
Over 90 days	—	13
	7,891	14,078

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

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11. SHARE CAPITAL

	Number of shares of HK\$0.10 each	HK\$'000
Authorised:		
At 1st April, 2009, 31st March, 2010 and 30th September, 2010	3,000,000,000	300,000
Issued and fully paid:		
At 1st April, 2009	1,406,906,460	140,691
Issue of ordinary shares on 6th August, 2009, 2nd October, 2009 and 18th March, 2010 pursuant to the exercise of the conversion rights attached to the convertible notes	126,923,076	12,692
At 31st March, 2010	1,533,829,536	153,383
Issue of ordinary shares on 16th August, 2010 pursuant to the exercise of the conversion rights attached to the convertible notes	19,230,769	1,923
At 30th September, 2010	1,553,060,305	155,306

On 16th August, 2010, the convertible note with principal amount of HK\$5,000,000 was converted into the Company's shares at a conversion price of HK\$0.26 per share. The Company issued 19,230,769 ordinary shares during the period as a result of the share conversion.

On 6th August, 2009, 2nd October, 2009 and 18th March, 2010, the convertible notes with principal amounts of HK\$10,000,000, HK\$18,000,000 and HK\$5,000,000 respectively were converted into the Company's shares at a conversion price of HK\$0.26 per share. The Company issued an aggregate of 126,923,076 ordinary shares during last year ended 31st March, 2010 as a result of the share conversion.

All new shares issued rank pari passu with all other existing shares outstanding at the date of issue.

12. RELATED PARTY TRANSACTIONS

During the period from 1st April, 2010 to 30th September, 2010, the Group had trade purchases from and services rendered to associates with net amount of approximately HK\$97,581,000 (2009: HK\$144,081,000). The purchases and services rendered 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,	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short-term employee benefits	6,857	7,593
Post-employment employee benefits	180	176
	7,037	7,769

The remuneration of directors and key management personnel is determined or proposed by the remuneration committee having regard to the performance of individuals and market trends.

Interests in associates included the balances of advances to associates of approximately HK\$163,228,000 as at 30th September, 2010 (31st March, 2010: HK\$165,665,000). The balances of advances to associates as at 30th September, 2010 were unsecured, interest-free and will not be repayable in the coming twelve months.

During the period from 1st April, 2010 to 30th September, 2010, the Group rented a property owned by a landlord in which the Director of the Company, Mr. Alvin Leslie LAM Kwing Wai, had a beneficial interest. Total rental expenses incurred for the period amounted to HK\$480,000 (2009: HK\$480,000).

13. 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, 2010 (Unaudited) HK\$'000	31st March, 2010 (Audited) HK\$'000
(a) Contracted capital commitments		
Acquisition of property, plant and equipment	175	241
Acquisition of subsidiaries	48,488	—
Capital contribution for an available-for-sale investment	20,400	20,400
	69,063	20,641
(b) Contingent liabilities and financial guarantees issued		
Guarantees given in respect of banking facilities made available to associates	85,451	71,940

The extent of guaranteed banking facilities utilised by the associates as at 30th September, 2010 amounted to approximately HK\$37,736,000 (31st March, 2010: HK\$34,338,000).

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 financial guarantee contracts granted as the Directors consider that the fair values of the financial guarantee contracts are not significant.

MATERIAL TRANSACTION

Disposal of interest in an associate

On 5th May, 2010, a wholly-owned subsidiary of the Company (the "Vendor") entered into an agreement with Allied Way International Limited (the "Purchaser") to sell the Vendor's entire interests in GR Vietnam Holdings Limited ("GR Vietnam") (the "Disposal"), representing 680,000,000 shares or approximately 24.07% of the issued share capital of GR Vietnam as at the date hereof (the "Sale Shares"), for a cash consideration of HK\$88,400,000 (the "Consideration") (the "Agreement"). The Purchaser is a company wholly and beneficially owned by Mr. Howard Wong, the Chairman and the Chief Executive Officer of GR Vietnam, and his family. The Consideration was negotiated on an arm's length basis between the Vendor and the Purchaser having taken into account (i) the recent market conditions and (ii) the prevailing market price and the performance of the shares of GR Vietnam.

Completion took place immediately upon signing of the Agreement. The Consideration was fully settled in May 2010 and the Directors intend to apply all the net proceeds received from the Disposal for general working capital purpose.

Prior to the Disposal, the Company accounted for the investment in GR Vietnam as interest in an associate and presented it under corporate and others segment under segment analysis.

Acquisition of interest in subsidiaries

On 10th August, 2010, Reo Developments Limited ("Reo Developments"), a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with, among others, GR Vietnam Group Limited ("the Vendor"), a wholly-owned subsidiary of GR Vietnam Holdings Limited, whereby Reo Developments agreed to purchase and the Vendor agreed to sell (i) the entire issued share capital of GR Vietnam International Limited ("the Target Company") and (ii) the total sum of debt due to the Vendor from the Target Company for a total consideration of HK\$33,200,000.

The Target Company has been granted an exclusive right to own and operate Circle K stores located in Vietnam and is the holding company of various companies which comprise, among others, GR Vietnam Retails Limited which has entered into joint venture agreement with Food Company of Ho Chi Minh City Ltd in relation to the formation of an equity joint venture under the laws of Vietnam ("JV Agreement"). Pursuant to the terms of the JV Agreement, the total contribution to be made by GR Vietnam Retails Limited will amount to VND34,270.6 million (or approximately HK\$15,288,000).

Completion took place on 12th October, 2010 whereby the Target Company has become a wholly-owned subsidiary of the Company. The cash consideration of HK\$33,200,000 was funded by the internal resources of the Group.

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, 2010 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, 2010:

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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
(i) Dragon Fortune Ltd. and its subsidiaries						
Dragon Fortune Ltd.	28.00	72,176	—	—	72,176	a
Fortune Leader Investment Limited	28.00	—	24,920	2,520	24,920	b
Fortune Leader Overseas Chinese (Daiyawan) Investment Company Limited	22.40	—	32,634	32,634	32,634	c
Fortune Leader Overseas Chinese (Daiyawan) Real Estate Development Company Limited	22.40	—	11,748	2,582	11,748	d
Aggregate of Dragon Fortune Ltd. and its subsidiaries		72,176	69,302	37,736	141,478	e
(ii) Sirinumma Company Limited	40.00	—	16,149	—	16,149	f
(iii) Golden World Enterprises (Wuhan) Limited	25.50	2,229	—	—	2,229	a
(iv) Supreme Development Company Limited	41.16	1,197	—	—	1,197	a
(v) Starland Century Limited	37.50	89,855	—	—	89,855	a
Total		165,457	85,451	37,736	250,908	g

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Golden Resources Development International Limited

The proforma combined statement of financial position of the above affiliated companies, as attributable to the Group, as at 30th September, 2010 is as follows:

	<i>HK\$'000</i>
Non-current assets	144,456
Current assets	202,969
Current liabilities	(60,210)
Net current assets	142,759
Non-current liabilities	(215,427)
Non-controlling interests	(19,122)
Shareholders' equity	52,666

Notes:

- (a) 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.
- (b) The guarantees were given for loan facilities granted to Fortune Leader Investment Limited ("FL Investment"). FL Investment is a direct wholly-owned subsidiary of Dragon Fortune Ltd.
- (c) 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.
- (d) 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 FL Investment and as to 20% by an Independent Third Party.
- (e) Aggregated pursuant to Rule 13.11(2)(c) of the Listing Rules.
- (f) The guarantee was given for banking facilities granted to respective entity or affiliated company.
- (g) Aggregated pursuant to Rule 13.16 of the Listing Rules.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had cash balance of approximately HK\$321 million and outstanding convertible notes amounted to approximately HK\$34 million as at 30th September, 2010. With cash and other current assets of approximately HK\$727 million as at 30th September, 2010 as well as available banking facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

BUSINESS REVIEW AND PROSPECTS

We are pleased to report to the shareholders that the net profits under review for the first half of this year was approximately HK\$95,585,000. The lower in profits when compared with the same period last year was attributed to the fact that there was a surge in profits for the first half of last year stemming from the exceptional gain on the Group's share of the profit of an associate, which is engaged in property development and investment in Malaysia. However, there is no such profit in the first half of this year and this accounts for the lower in profits when compared with last year.

During the period under review, the operation environment in respect of the Group's core rice business in Hong Kong remained challenging. The intense competition among major supermarket chains, the volatility of raw rice cost and the weakness of USD continued to exert pressures on the Group. Leveraging on our expertise, we have been implementing flexible procurement strategy to minimize our rice procurement cost. In addition, the Group will continue to enhance its competitive edges, strive to implement further cost control measures and streamline operations and structures so as to enhance further operational efficiency and sustain profitability.

Vietnam is seen as one of the fast growing emerging markets and the growth of its local economy is accelerating. The personal income is rising and the domestic retail market is expanding. In August this year, the Group grasped the opportunity to invest in the Vietnam retail market by acquiring the Circle K convenience store business in Vietnam for a total consideration of HK\$33.2 million. The acquisition was completed in early October this year. Following the acquisition, the Group has been focusing on the expansion of the number of stores to reach the critical mass and anticipates the convenience store business will become the new income stream to the Group. With regard to the business development of the Group in Vietnam, the water distribution network project lags behind the schedule as the design work is still pending for the approval from the Vietnam government. The Group is seriously reviewing this development.

Our cash position remained robust with cash and bank balances of HK\$321 million as of 30th September, 2010. This has given the Group the financial resources to pursue any investment opportunities. Moving forward, we will continue to take a prudent and selective approach to business development and investment. We have confidence in the long-term prospect of the Group.

INTERIM DIVIDEND

The Directors have declared an interim dividend of 1.2 cents per share for the year ending 31st March, 2011 (2009/2010: 1.2 cents per share) to shareholders on the Register of Members of the Company on Friday, 31st December, 2010.

It is expected that cheques for the interim dividend will be despatched to those entitled thereto on or about Friday, 7th January, 2011.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 24th December, 2010 to Friday, 31st December, 2010, 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 Registrar 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 Thursday, 23rd December, 2010.

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

As at 30th September, 2010, 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				Approximate percentage of the issued share capital of the Company
	Personal interests	Family interests	Corporate interests	Total interests	
Mr. Alvin Leslie LAM Kwing Wai	17,500,000	6,000,000	—	23,500,000 (Note 1)	1.51%
Mr. Anthony LAM Sai Ho	—	—	7,350,000	7,350,000 (Note 2)	0.47%

Notes:

- These 23,500,000 shares are held by Mr. Alvin Leslie LAM Kwing Wai, a director of the Company, as beneficial owner in respect of 17,500,000 shares and as family interests in respect of 6,000,000 shares.
- These 7,350,000 shares are held by Great Avenue Group Limited, a company which is 40% owned by Mr. Anthony LAM Sai Ho, a director of the Company.

(b) Non-voting deferred shares of wholly-owned subsidiaries of the Company

Name of director	Name of subsidiary	Capacity	Number of non-voting deferred shares beneficially held
Mr. Alvin Leslie LAM Kwing Wai	Golden Resources Development Limited	Beneficial owner	260,000
Mr. Alvin Leslie LAM Kwing Wai	Yuen Loong & Company Limited	Beneficial owner	13,000
Mr. Anthony LAM Sai Ho	Golden Resources Development Limited	Interest in controlled corporation	260,000 <i>(Note)</i>
Mr. Anthony LAM Sai Ho	Yuen Loong & Company Limited	Interest in controlled corporation	13,000 <i>(Note)</i>

Note: These shares are held by Marvel City Holdings Limited, a company which is 40% owned by Mr. Anthony LAM Sai Ho, a director of the Company.

(c) Ordinary shares of associate of the Company

Name of director	Name of associate	Capacity	Number of ordinary shares held through corporation
Mr. Laurent LAM Kwing Chee	Wellight Development Limited	Interest in controlled corporation	300 <i>(Note)</i>
Mr. Laurent LAM Kwing Chee	Starland Century Limited	Interest in controlled corporation	300 <i>(Note)</i>

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

Save as disclosed above, as at 30th September, 2010, none of the directors nor their associates of the Company had or was deemed to have any interests or short positions in the shares or underlying shares of the Company or any of its associated corporations as recorded in the register that required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

The Company has adopted an employee share option scheme on 26th August, 2008 under which the Board may grant to eligible employees, including the executive directors, the officers and the full or part-time employees of the Company or its subsidiaries, options to subscribe for shares of the Company. No option was granted, exercised, lapsed or cancelled during the period or remained outstanding as at 30th September, 2010.

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate and neither the directors nor the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company.

SUBSTANTIAL SHAREHOLDERS

As at 30th September, 2010, 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 (Note 1)	Approximate percentage of the issued share capital of the Company
Yuen Loong International Limited ("Yuen Loong")	515,052,026	33.16% (Note 2)
Chelsey Developments Ltd. ("Chelsey")	265,240,000	17.08% (Note 2)

Notes:

1. These shares represent long positions.
2. Mr. Alvin Leslie LAM Kwing Wai, a director of the Company, is a beneficiary of a discretionary trust which is interested in approximately 24% 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 15% of the issued share capital of each of Yuen Loong and Chelsey. Madam Rosita YUEN LAM Kit Woo, a director of the Company, is interested in approximately 10% of the issued share capital of each of Yuen Loong and Chelsey. Mr. Anthony LAM Sai Ho, a director of the Company, is interested in 40% of the issued share capital of Marvel City Holdings Limited which in turn is interested in approximately 24% of the issued share capital of each of Yuen Loong and Chelsey.

Save as disclosed above, as at 30th September, 2010, 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 355.

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 adopted all the code provisions in the Code of Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as its own code on corporate governance practices. The Company has complied with the Code throughout the six months ended 30th September, 2010 with deviation from code provision A.2.1 of the Code:

Code provision A.2.1 of the Code stipulates that the roles of a Chairman and a Managing Director should be separate and should not be performed by the same individual. During the period, Mr. Alvin Leslie LAM Kwing Wai is the Chairman of the Board and the Managing Director of the Company. Given Mr. Alvin Leslie LAM Kwing Wai has had extensive experience in the business of the Group, particularly in soliciting for possible new business opportunities and deducing the overall strategic plan for the future development of the Company, the directors consider that it would benefit the Company if Mr. Alvin Leslie LAM Kwing Wai is also in charge of overseeing the Company's operations as its Chairman. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group. The Board will regularly review the effectiveness of this arrangement.

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, 2010.

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. Alvin Leslie LAM Kwing Wai (Chairman and Managing Director), Mr. Anthony LAM Sai Ho (Vice Chairman), 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
Golden Resources Development International Limited
Alvin Leslie LAM Kwing Wai
Chairman

Hong Kong, 24th November, 2010