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GOLDEN RESOURCES DEVELOPMENT INTERNATIONAL LIMITED

金源米業國際有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 677)

2014/2015 INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2014

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, 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the six months ended 30th September,	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
TURNOVER	3	499,244	477,653
Cost of sales		(343,313)	(346,594)
GROSS PROFIT		155,931	131,059
Net unrealized gain on financial assets at fair value through profit or loss		6,081	1,094
Net other income	4	21,710	15,719
Selling and distribution costs		(40,080)	(29,480)
Administrative expenses		(76,972)	(73,532)
PROFIT FROM OPERATIONS	3	66,670	44,860
Finance costs		(57)	(84)
Share of results of associates		(1,365)	(1,237)
Gain on disposal of an associate classified as asset held for sale		35,350	—
PROFIT BEFORE TAXATION	5	100,598	43,539
Taxation	6	(10,693)	(7,402)
PROFIT FOR THE PERIOD		89,905	36,137
Profit attributable to:			
Shareholders of the Company		89,901	36,133
Non-controlling interests		4	4
		89,905	36,137
EARNINGS PER SHARE	8		
— Basic		HK5.3 cents	HK2.1 cents
— Diluted		HK5.3 cents	HK2.1 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30th September,	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	89,905	36,137
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OTHER COMPREHENSIVE INCOME		
Items to be reclassified to profit or loss in subsequent periods:		
(Deficit) /surplus on revaluation of available-for-sale investments	(142)	545
Exchange differences on translation of foreign operations	530	2,196
Share of other comprehensive income /(loss) of associates	1,342	(2,473)
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Other comprehensive income for the period, net of tax	1,730	268
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TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	91,635	36,405
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Total comprehensive income attributable to:		
Shareholders of the Company	91,478	36,036
Non-controlling interests	157	369
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	91,635	36,405
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30th September, 2014 (Unaudited) HK\$'000	31st March, 2014 (Audited) HK\$'000
<i>Notes</i>		
NON-CURRENT ASSETS		
Property, plant and equipment	89,635	84,545
Investment properties	76,297	76,297
Intangible asset	26,003	26,703
Interests in associates	154,274	148,345
Available-for-sale investments	31,812	58,255
Prepaid lease payments	17,077	17,319
	395,098	411,464
CURRENT ASSETS		
Inventories	120,906	133,557
Trade debtors	9 119,584	108,501
Other debtors, deposits and prepayments	67,171	90,751
Available-for-sale investments	62,893	21,250
Financial assets at fair value through profit or loss	384,775	329,784
Cash and cash equivalents	248,043	155,161
	1,003,372	839,004
Asset classified as held for sale	—	96,844
	1,003,372	935,848
CURRENT LIABILITIES		
Trade creditors	10 8,556	7,734
Other creditors and accruals	24,016	21,979
Bank loan	7,765	7,758
Tax liabilities	34,975	25,607
	75,312	63,078
Liability directly associated with asset classified as held for sale	—	10,496
	75,312	73,574
NET CURRENT ASSETS	928,060	862,274
TOTAL ASSETS LESS CURRENT LIABILITIES	1,323,158	1,273,738
NON-CURRENT LIABILITY		
Deferred tax liabilities	1,673	1,751
	1,321,485	1,271,987

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30th September, 2014 (Unaudited) <i>HK\$'000</i>	31st March, 2014 (Audited) <i>HK\$'000</i>
CAPITAL AND RESERVES		
Share capital	168,691	168,691
Reserves	1,133,674	1,084,183
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Shareholders' equity	1,302,365	1,252,874
Non-controlling interests	19,120	19,113
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	1,321,485	1,271,987
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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th September, 2014

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.

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

HKAS 27, HKFRS 10 and HKFRS 12 (Amendments)	Separate Financial Statements, Consolidated Financial Statements and Disclosures of Interests in Other Entities: Investment Entities
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) — Int 21	Levies

The adoption of these new HKFRSs has 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

Statement of profit or loss for the six months ended 30th September, 2014

	Rice Operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Convenience store operation HK\$'000	Corporate and others HK\$'000	Total HK\$'000	Inter- segment elimination HK\$'000	Consolidated HK\$'000
TURNOVER								
External sales	437,333	—	1,269	50,645	9,997	499,244	—	499,244
Inter-segment sales	65	—	—	—	—	65	(65)	—
Total sales	437,398	—	1,269	50,645	9,997	499,309	(65)	499,244
RESULT								
Segment results	59,421	23,802	228	(16,907)	126			66,670
Finance costs								(57)
Share of results of associates	(78)	—	546	—	(1,833)			(1,365)
Gain on disposal of an associate classified as asset held for sale	—	—	—	—	35,350			35,350
Profit before taxation								100,598
Taxation								(10,693)
Profit for the period								89,905
Profit attributable to:								
Shareholders of the Company								89,901
Non-controlling interests								4
								89,905

Segment assets and liabilities as at 30th September, 2014

	Rice operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Convenience store operation HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
ASSETS						
Segment assets	279,446	453,243	150,493	74,062	286,952	1,244,196
Interests in associates	15,720	—	93,926	—	44,628	154,274
Consolidated total assets						<u>1,398,470</u>
LIABILITIES						
Segment liabilities	17,739	1,009	598	10,494	2,732	32,572
Unallocated corporate liabilities						<u>44,413</u>
Consolidated total liabilities						<u>76,985</u>

Statement of profit or loss for the six months ended 30th September, 2013

	Rice Operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Convenience store operation HK\$'000	Corporate and others HK\$'000	Total HK\$'000	Inter- segment elimination HK\$'000	Consolidated HK\$'000
TURNOVER								
External sales	432,912	—	980	33,621	10,140	477,653	—	477,653
Inter-segment sales	72	—	—	—	—	72	(72)	—
Total sales	<u>432,984</u>	<u>—</u>	<u>980</u>	<u>33,621</u>	<u>10,140</u>	<u>477,725</u>	<u>(72)</u>	<u>477,653</u>
RESULT								
Segment results	<u>41,950</u>	<u>12,438</u>	<u>(151)</u>	<u>(10,334)</u>	<u>957</u>			44,860
Finance costs								(84)
Share of results of associates	(62)	—	540	—	(1,715)			<u>(1,237)</u>
Profit before taxation								43,539
Taxation								<u>(7,402)</u>
Profit for the period								<u>36,137</u>
Profit attributable to:								
Shareholders of the Company								36,133
Non-controlling interests								<u>4</u>
								<u>36,137</u>

Segment assets and liabilities as at 31st March, 2014

	Rice operation <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Convenience store operation <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
ASSETS						
Segment assets	280,517	390,594	151,637	66,177	310,042	1,198,967
Interests in associates	10,937	—	93,507	—	43,901	148,345
Consolidated total assets						<u>1,347,312</u>
LIABILITIES						
Segment liabilities	20,022	2	590	8,233	11,362	40,209
Unallocated corporate liabilities						<u>35,116</u>
Consolidated total liabilities						<u>75,325</u>

Geographical segments

The Group's operations are located in Hong Kong, elsewhere in 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,	
	2014 (Unaudited) <i>HK\$'000</i>	2013 (Unaudited) <i>HK\$'000</i>
Hong Kong	401,072	392,086
Elsewhere in the PRC	40,198	44,282
Vietnam	50,645	33,621
Others	7,329	7,664
	499,244	477,653

4. NET OTHER INCOME

	For the six months ended 30th September,	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Interest income on:		
— Financial assets at fair value through profit or loss	5,552	5,754
— Financial assets not designated as at fair value through profit or loss	4,586	3,877
	10,138	9,631
Dividend from:		
— Listed available-for-sale investments	106	87
— Listed financial assets at fair value through profit or loss	2,706	2,169
	2,812	2,256
Net realized gain/(loss) on disposals of financial assets at fair value through profit or loss	1,632	(73)
Net realized gain on derivative financial instruments	5,655	2,245
Net foreign exchange loss	(519)	(287)
Net gain/(loss) on disposal of property, plant and equipment	257	(12)
Sundry income	1,735	1,959
	21,710	15,719

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	For the six months ended 30th September,	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Depreciation and amortisation of property, plant and equipment	7,399	7,244
Amortisation of prepaid lease payments	267	267
Amortisation of intangible asset	700	700
Interests on bank loan wholly repayable within five years	57	84
	_____	_____

6. TAXATION

	For the six months ended 30th September,	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Current tax:		
Hong Kong	10,007	7,716
Other regions in the PRC	225	180
	_____	_____
	10,232	7,896
	_____	_____
Underprovision/(overprovision) in prior years:		
Other regions in the PRC	539	(419)
	_____	_____
Deferred tax	(78)	(75)
	_____	_____
Taxation attributable to the Company and its subsidiaries	10,693	7,402
	_____	_____

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

7. DIVIDEND

- (a) Dividend attributable to the interim period:

	For the six months ended 30th September,	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interim dividend declared after the interim period end of HK1.2 cents per share on 1,686,906,458 shares (2013: HK1.2 cents per share on 1,686,906,458 shares)	20,243	20,243

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,	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the interim period, of HK1.2 cents per share on 1,686,906,458 shares (2013: HK1.2 cents per share on 1,686,906,458 shares)	20,243	20,243

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,	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Earnings for the purpose of basic and diluted earnings per share	89,901	36,133
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	For the six months ended 30th September,	
	2014 (Unaudited)	2013 (Unaudited)
Number of shares:		
Weighted average number of shares for the purpose of basic earnings per share	1,686,906,458	1,686,906,458
Effect of dilutive potential ordinary shares:		
Share options	778,382	484,737
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Weighted average number of shares for the purpose of diluted earnings per share	1,687,684,840	1,687,391,195
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Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares to assume conversion of all dilutive potential ordinary shares.

There was no significant dilutive effect for both periods.

9. TRADE DEBTORS

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

	30th September, 2014 (Unaudited) <i>HK\$'000</i>	31st March, 2014 (Audited) <i>HK\$'000</i>
Within 30 days	65,515	57,356
31-60 days	37,037	32,927
61-90 days	14,309	15,586
Over 90 days	2,723	2,632
	119,584	108,501

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

As at 30th September, 2014, trade debtors over 90 days amounted to HK\$2,723,000 (31st March, 2014: HK\$2,632,000) 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, 2014 (Unaudited) <i>HK\$'000</i>	31st March, 2014 (Audited) <i>HK\$'000</i>
Within 30 days	6,968	7,183
31-60 days	1,485	506
61-90 days	92	36
Over 90 days	11	9
	8,556	7,734

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

LIQUIDITY AND FINANCIAL RESOURCES

The Group had cash balance of approximately HK\$248 million and an outstanding bank loan amounted to approximately HK\$7 million as at 30th September, 2014. With cash and other current assets of approximately HK\$1 billion as at 30th September, 2014 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 the unaudited results of the Group for the six months ended 30th September, 2014. For the period under review, the Group's net profits was HK\$89,901,000, representing an increase of 148% when compared with the same period last year. Such increase was mainly attributable to the profits on disposal of the Group's associate.

The Hong Kong rice core business performed satisfactorily and steadily. The market operating environment remained challenging. The intense market competition among major operators persisted. The rising labour cost and manufacturing overheads are the major challenges we have to tackle and are putting pressure on the Group's profit margin. With all these challenges we have faced, the Group continued to implement effective initiatives to control the operating costs, improve the operational efficiency and enhance the productivity so as to mitigate the impact on the profit margin and to sustain the Group's competitiveness and profitability. At the same time, we continued to launch marketing campaigns and promotion initiatives to expand our market share and to preserve our leading marketing position. We believe that we have built a sustainable platform for the Group's continuing growth.

In Vietnam, the Group's Circle K convenience store business progressed well as planned. We remained focus on expanding our store network cautiously so as to expedite the reach of critical mass. We also continued to focus on broadening the product category through sourcing across ASEAN countries so as to enhance the product spectrum. The Hot-Food-Eat-In service continued to be the key driver of revenue and margin growth. Our recently established distribution centre was operated effectively for providing efficient supply chain management on our increasingly growing store network. We are committed to fostering the localization program to build a strong and vibrant retail management team with local capable staff. Such program is conducted through mentorship and knowledge transfers by industry pioneers who are currently managing and operating our convenient store business there. We are confident about the long term development of the Group's convenience store business in Vietnam.

The Group will continue pursuing prudent financial management discipline, with the objective to achieving sustainable recurring earnings growth and maintaining a strong financial and liquidity position. As of 30th September, 2014, the Group had net cash and bank balances of HK\$248 million. The Group will continue to explore suitable investment opportunities to maximize shareholder value over the long term.

Looking ahead, the Golden Resources Group will continue to leverage its sound fundamentals to strengthen its existing core business and seek new opportunities to acquire quality assets that will further drive its growth momentum. We are optimistic about the growth prospects for all of our business.

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK1.2 cents per share for the year ending 31st March, 2015 (2013/2014: HK1.2 cents per share) to the shareholders on the Register of Members of the Company at the close of business on Monday, 29th December, 2014.

It is expected that the interim dividend will be paid to the shareholders on or about Wednesday, 14th January, 2015.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 19th December, 2014 to Monday, 29th December, 2014, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Standard Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 18th December, 2014.

EMPLOYEES AND REMUNERATION POLICY

The total number of employees for the Group is about 1,227.

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

CORPORATE GOVERNANCE PRACTICES

The Company adopted all the code provisions in the Corporate Governance Code and Corporate Governance Report (the “Code”) as set out in Appendix 14 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. The Company has complied with the Code throughout the six months ended 30th September, 2014 except the following deviations:

Under code provision A.4.3 of the Code, further appointment of an independent non-executive director who serves more than 9 years should be subject to a separate resolution to be approved by the shareholders at an annual general meeting. Mr. John WONG Yik Chung has served as an Independent Non-executive Director of the Company for approximately 9 years. During his tenure of office, Mr. Wong continues to demonstrate impartial judgment in performing his duty. The Board considered that Mr. Wong is able to continue to fulfill his role as an Independent Non-executive Director. A separate resolution was proposed for his re-election and he was re-elected as the Independent Non-executive Director of the Company at the annual general meeting held on 28th August, 2014.

Code provision A.5.6 of the Code stipulates that the nomination committee should have a policy concerning diversity of board members, and should disclose the policy in the corporate governance report with effect from 1st September, 2013. During the period, the Nomination Committee of the Company has not adopted a board diversity policy. In June 2014, the Nomination Committee of the Company has adopted the board diversity policy of the Company. The Company has complied with the code provision A.5.6 of the Code since then.

Code provision E.1.2 of the Code stipulates that the Chairman of the Board should attend the annual general meeting. Mr. Alvin Leslie LAM Kwing Wai, the Chairman of the Board and the Nomination Committee, was unable to attend the annual general meeting held on 28th August, 2014 (“the Meeting”) due to his other engagements. Mr. Laurent LAM Kwing Chee, the Vice Chairman of the Board, took the chair of the Meeting and other members of the Board (including the Chairmen and members of the Audit Committee and Remuneration Committee and members of the Nomination Committee) were present to answer questions from shareholders at the Meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors of the Company. All Directors have confirmed, following specific enquiry by the Company, that they fully complied with the required standard as set out in the Model Code throughout the review period.

AUDIT COMMITTEE

The audit committee comprising three Independent Non-executive Directors, Mr. John WONG Yik Chung, Mr. Michael YU Tat Chi and Mr. Ronald YAN Mou Keung, had reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited financial statements of the Group for the six months ended 30th September, 2014.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed shares for the six months ended 30th September, 2014.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the website of Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk) and the website of the Company (www.grdil.com). The 2014/2015 interim report will be dispatched to shareholders and will be published on the aforementioned websites in due course.

On behalf of the Board
Golden Resources Development International Limited
Alvin Leslie LAM Kwing Wai
Chairman

Hong Kong, 27th November, 2014

As at the date of this announcement, the executive directors of the Company are Mr. Alvin Leslie LAM Kwing Wai (Chairman), Mr. Laurent LAM Kwing Chee (Vice Chairman), Mr. Anthony LAM Sai Ho (Managing Director), Madam LAM Kit Woo and Mr. TSANG Siu Hung. The independent non-executive directors of the Company are Mr. John WONG Yik Chung, Mr. Michael YU Tat Chi and Mr. Ronald YAN Mou Keung.