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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)

**2021/2022 INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2021**

**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, 2021 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

		<b>For the six months ended 30th September,</b>	
		<b>2021</b>	<b>2020</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>REVENUE</b>	3	<b>853,525</b>	772,023
Cost of sales		<b>(559,176)</b>	(490,684)
<b>GROSS PROFIT</b>		<b>294,349</b>	281,339
Net unrealized gain on financial assets at fair value through profit or loss		<b>5,332</b>	25,162
Net other income	4	<b>19,937</b>	20,985
Selling and distribution costs		<b>(188,057)</b>	(172,121)
Administrative expenses		<b>(123,861)</b>	(99,714)
Interest on lease liabilities	5	<b>(15,684)</b>	(12,700)
<b>(LOSS)/PROFIT FROM OPERATIONS</b>	3	<b>(7,984)</b>	42,951
Share of results of associates		<b>(255)</b>	(1,256)
Share of results of joint ventures		<b>(317)</b>	—
<b>(LOSS)/PROFIT BEFORE TAXATION</b>	5	<b>(8,556)</b>	41,695
Taxation	6	<b>(10,099)</b>	(11,120)
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		<b>(18,655)</b>	30,575
(Loss)/profit attributable to:			
Shareholders of the Company		<b>(13,992)</b>	30,565
Non-controlling interests		<b>(4,663)</b>	10
		<b>(18,655)</b>	30,575
<b>(LOSS)/EARNINGS PER SHARE</b>	8		
— Basic		<b>HK(0.8) cents</b>	HK1.8 cents
— Diluted		<b>HK(0.8) cents</b>	HK1.8 cents

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30th September,	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
<b>(LOSS)/PROFIT FOR THE PERIOD</b>	<b>(18,655)</b>	<b>30,575</b>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>		
<b>Item reclassified to profit or loss:</b>		
Release of exchange reserve upon step acquisition from associates to subsidiaries	(3,260)	—
<b>Items to be reclassified to profit or loss in subsequent periods:</b>		
Exchange differences on translation of foreign operations	1,077	3,378
Share of other comprehensive (loss)/income of associates	(77)	229
Other comprehensive (loss)/income for the period, net of tax	(2,260)	3,607
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>	<b>(20,915)</b>	<b>34,182</b>
Total comprehensive (loss)/income attributable to:		
Shareholders of the Company	(16,384)	33,640
Non-controlling interests	(4,531)	542
	<b>(20,915)</b>	<b>34,182</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	30th September, 2021 (Unaudited) <i>HK\$'000</i>	31st March, 2021 (Audited) <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		204,301	171,570
Right-of-use assets		334,499	260,482
Prepaid lease payments		12,965	13,179
Investment properties		202,805	166,860
Interests in associates		41,912	74,326
Interests in joint ventures		12,125	12,292
Financial assets at fair value through profit or loss		368	17,861
Intangible asset		22,505	22,505
Rental and related deposits paid		27,724	27,303
Deposits paid for purchase of properties		12,683	12,683
		871,887	779,061
<b>CURRENT ASSETS</b>			
Inventories		170,710	173,134
Trade debtors	9	81,211	48,248
Other debtors, deposits and prepayments		54,135	43,241
Financial assets at fair value through profit or loss		181,253	177,300
Cash and cash equivalents		527,579	462,867
		1,014,888	904,790
<b>CURRENT LIABILITIES</b>			
Trade creditors	10	112,682	99,128
Other creditors and accruals		193,501	98,178
Lease liabilities		112,286	102,731
Tax liabilities		18,434	12,272
		436,903	312,309
<b>NET CURRENT ASSETS</b>		577,985	592,481
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,449,872	1,371,542
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		268,350	190,530
Deferred tax liabilities		1,472	1,721
		269,822	192,251
		1,180,050	1,179,291
<b>CAPITAL AND RESERVES</b>			
Share capital		169,741	169,741
Reserves		964,255	1,001,008
Shareholders' equity		1,133,996	1,170,749
Non-controlling interests		46,054	8,542
		1,180,050	1,179,291

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

*For the six months ended 30th September, 2021*

### **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 (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

### **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 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 adopted the following new or revised standards and amendments to Hong Kong Financial Reporting Standards (the “new HKFRSs”) issued by the HKICPA, which are or have become effective for the Group’s financial year beginning on 1st April, 2021:

HKFRS 4, HKFRS 7, HKFRS 9, HKFRS 16 and HKAS 39 (Amendments)	Interest Rate Benchmark Reform - Phase 2
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The adoption of the new HKFRSs has had no material effect on the condensed consolidated financial statements of the Group for the current 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, 2021*

	Convenience store operation <i>HK\$'000</i>	Rice operation <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Plastic bags operation <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>REVENUE</b>								
External sales	399,202	361,552	—	1,836	90,935	—	—	853,525
Inter-segment sales	—	—	—	—	4,043	—	(4,043)	—
Total sales	399,202	361,552	—	1,836	94,978	—	(4,043)	853,525
<b>RESULTS</b>								
Segment results	(73,666)	46,629	5,360	636	13,104	(47)	—	(7,984)
Share of results of associates	—	(276)	—	(7)	28	—	—	(255)
Share of results of joint ventures	—	—	—	(317)	—	—	—	(317)
Loss before taxation								(8,556)
Taxation								(10,099)
Loss for the period								(18,655)
Loss attributable to: Shareholders of the Company								(13,992)
Non-controlling interests								(4,663)
								(18,655)

##### *Segment assets and liabilities as at 30th September, 2021*

	Convenience store operation <i>HK\$'000</i>	Rice operation <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Plastic bags operation <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>ASSETS</b>							
Segment assets	546,361	172,810	181,253	249,397	155,037	527,880	1,832,738
Interests in associates	—	20,797	—	21,115	—	—	41,912
Interests in joint ventures	—	—	—	12,125	—	—	12,125
Consolidated total assets							1,886,775
<b>LIABILITIES</b>							
Segment liabilities	468,160	61,594	—	776	156,289	—	686,819
Unallocated corporate liabilities							19,906
Consolidated total liabilities							706,725

**3. SEGMENT INFORMATION (Continued)**  
**Operating segments (Continued)**

*Statement of profit or loss for the six months ended 30th September, 2020*

	Convenience store operation <i>HK\$ '000</i>	Rice operation <i>HK\$ '000</i>	Securities investment <i>HK\$ '000</i>	Property investment <i>HK\$ '000</i>	Corporate and others <i>HK\$ '000</i>	Consolidated <i>HK\$ '000</i>
<b>REVENUE</b>						
Total sales	380,632	389,628	—	1,763	—	772,023
<b>RESULTS</b>						
Segment results	(54,809)	65,765	29,800	430	1,765	42,951
Share of results of associates	—	(222)	—	(142)	(892)	(1,256)
Profit before taxation						41,695
Taxation						(11,120)
Profit for the period						30,575
Profit attributable to:						
Shareholders of the Company						30,565
Non-controlling interests						10
						30,575

*Segment assets and liabilities as at 31st March, 2021*

	Convenience store operation <i>HK\$ '000</i>	Rice operation <i>HK\$ '000</i>	Securities investment <i>HK\$ '000</i>	Property investment <i>HK\$ '000</i>	Corporate and others <i>HK\$ '000</i>	Consolidated <i>HK\$ '000</i>
<b>ASSETS</b>						
Segment assets	527,707	197,058	177,300	231,889	463,279	1,597,233
Interests in associates	—	6,577	—	21,172	46,577	74,326
Interests in joint ventures	—	—	—	12,292	—	12,292
Consolidated total assets						1,683,851
<b>LIABILITIES</b>						
Segment liabilities	419,975	59,366	—	1,010	10,216	490,567
Unallocated corporate liabilities						13,993
Consolidated total liabilities						504,560

### 3. SEGMENT INFORMATION (Continued)

#### Geographical segments

The Group's operations are located in Vietnam, Hong Kong 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:

	Revenue by geographical markets	
	For the six months ended 30th September,	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Vietnam	399,202	380,632
Hong Kong	369,644	381,789
Others	84,679	9,602
	<b>853,525</b>	<b>772,023</b>

### 4. NET OTHER INCOME

	For the six months ended 30th September,	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest revenue on:		
— Financial assets at fair value through profit or loss	67	890
— Financial assets measured at amortised costs	719	1,526
	<b>786</b>	<b>2,416</b>
Dividend income from listed financial assets at fair value through profit or loss	47	1,026
Other income from convenience store operation	6,728	7,255
COVID-19-related rent concessions for convenience store operation	4,536	—
Impairment of right-of-use assets and property, plant and equipment	(15,906)	—
Gain on deemed acquisition of subsidiaries arising from remeasurement of fair value of previously held equity interests in associates and deemed acquisition of additional equity interest	24,368	—
Net realized (loss)/gain on disposal of financial assets at fair value through profit or loss	(185)	2,776
Net foreign exchange (loss)/gain	(73)	1,143
Government grants from Anti-Epidemic Fund	—	6,408
Interest income from rental deposits	1,224	—
Net loss on disposal of property, plant and equipment	(3,337)	(1,262)
Sundry income	1,749	1,223
	<b>19,937</b>	<b>20,985</b>

## 5. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging:

	For the six months ended 30th September,	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Depreciation and amortisation of property, plant and equipment	28,691	24,535
Depreciation of right-of-use assets	56,505	46,337
Impairment of property, plant and equipment	3,343	—
Impairment of right-of-use assets	12,563	—
Amortisation of prepaid lease payments	261	256
Interest on lease liabilities	15,684	12,700

## 6. TAXATION

	For the six months ended 30th September,	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Current tax:		
Hong Kong	10,379	11,623
Others	14	—
	10,393	11,623
Deferred tax	(294)	(503)
<b>Taxation attributable to the Company and its subsidiaries</b>	<b>10,099</b>	<b>11,120</b>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods, except for the first HK\$2,000,000 of a qualified entity's assessable profit which is calculated at 8.25%, in accordance with the two-tiered profits tax rate regime.

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,	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interim dividend declared after the interim period end of HK1.2 cents per share on 1,697,406,458 shares (2020: HK1.1 cents per share on 1,697,406,458 shares)	20,369	18,671

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,	
	2021	2020
	(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 1,697,406,458 shares (2020: HK1.2 cents per share on 1,697,406,458 shares)	20,369	20,369

## 8. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share attributable to the shareholders of the Company is based on the following data:

	For the six months ended 30th September,	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
(Loss)/earnings for the purpose of basic (loss)/earnings per share	(13,992)	30,565

There were no dilutive potential ordinary shares 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:

	<b>30th September, 2021 (Unaudited) HK\$'000</b>	31st March, 2021 (Audited) HK\$'000
Within 30 days	<b>35,795</b>	23,372
31-60 days	<b>28,777</b>	13,290
61-90 days	<b>12,832</b>	9,490
Over 90 days	<b>3,807</b>	2,096
	<b>81,211</b>	48,248

For the six months ended 30th September, 2021, the Group has made allowance for expected credit losses of approximately HK\$265,000 for the trade debtor balances. Actual bad debt expenses incurred during the period amounted to HK\$15,000.

## 10. TRADE CREDITORS

The following is an aging analysis of trade creditors at the end of the reporting period according to the delivery date:

	<b>30th September, 2021 (Unaudited) HK\$'000</b>	31st March, 2021 (Audited) HK\$'000
Within 30 days	<b>97,128</b>	95,350
31-60 days	<b>6,434</b>	2,055
61-90 days	<b>3,512</b>	187
Over 90 days	<b>5,608</b>	1,536
	<b>112,682</b>	99,128

## **CHAIRMAN STATEMENT**

On behalf of Golden Resources Development International Limited, I would like to present the business review of our Group for the six months ended 30th September, 2021.

### **Circle K Convenience Store Business**

In Vietnam, the fallouts of COVID-19 pandemic continued to batter the economic and business environment. In the wake of the largest outbreak of COVID-19 pandemic in Vietnam during May 2021, the Government imposed stringent anti-pandemic measures with hard lockdowns and curfews in major cities. The series of restrictions hampered business activities and disrupted the economy in Vietnam. In the midst of the unprecedented challenging business environment, the performance of the Group's convenience store business was inevitably hit by the plummet in foot traffic and tourist arrival.

To cope with the abrupt changes, the Group had taken immediate actions to mitigate the risk exposures. With our solid foundation and effective contingency plans, our Circle K stores were approved by the Vietnam Government to stay open during the lockdown period to serve the community with essential products. We had also taken proactive measures to reset our product category supply to meet the sudden surge in demand for daily necessities.

To weather the headwinds under COVID-19 pandemic challenges, the Group continues to make every effort to strengthen our convenience store business development in Vietnam. The Group has taken solid steps to implement innovative marketing initiatives to cope with the changing business environment, to focus on cost control with negotiation for rent concessions and to enhance operational efficiency through effective inventory control and manpower management. As of 30th September, 2021, the Group operates 416 convenience stores covering 8 major cities in the country.

### **Rice Business**

In Hong Kong, our rice business performed steadily for the period under review. The Group continues to implement our effective Business Continuity Measures to mitigate the business risk under COVID-19 pandemic. To fulfill our social responsibility to serve Hong Kong community with stable supply of healthy rice, we have strengthened our supply chain management to secure stable rice import amid recent global supply chain disruptions. Preventive measures on cleaning and sanitization are also implemented in the workplace to safeguard the health and well-beings of our employees.

The Group's rice business environment remains challenging as the severe market competitions among major market players persist. The Group continues to leverage on our rice market leadership, to focus on marketing and product innovation and to improve all spectrum of operational efficiencies, so as to enhance the Group's competitiveness and profitability to achieve sustainable growth.

Looking ahead, the Group believes that with the vaccination program having achieved its intended results, the COVID-19 pandemic will soon be under control and the global economy will steadily recover in the year 2022. We have laid solid foundation in our core businesses and paved the way for the post-COVID resilience.

Amidst the uncertainties and challenges across the globe, the Group remains cautious on prudent financial management and preserves sound financial position. As of 30th September, 2021, the Group had net cash and bank balances of HK\$527 million and zero bank borrowing. With our strong balance sheet, we are well poised to pursue quality business investment opportunities to generate stable income stream and add value for the shareholders.

On behalf of the Board, I would like to express my heartfelt appreciation to all our staffs for taking care of the daily needs of our customers and communities, in Hong Kong and Vietnam.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, business environment remained challenging amid the fallouts of COVID-19 pandemic. The Group recorded total revenue of HK\$853,525,000 for the six months ended 30th September, 2021 as compared to HK\$772,023,000 for the same period last year. Revenue from convenience store operation in Vietnam increased to HK\$399,202,000 (2020: HK\$380,632,000) and revenue from rice operation in Hong Kong decreased to HK\$361,552,000 (2020: HK\$389,628,000) during the interim period under review.

Amidst the tough business environment, the Group recorded net loss attributable to shareholders of HK\$13,992,000 for the interim period ended 30th September, 2021, as compared to net profit of HK\$30,565,000 for the same period last year. The loss for the six months ended 30th September, 2021 was mainly attributable to the net effect of (i) decrease in net unrealized gain on financial assets at fair value through profit or loss, with net unrealized gain of HK\$5,332,000 for the six months ended 30th September, 2021 as compared to net unrealized gain of HK\$25,162,000 for the corresponding period in 2020; (ii) impairment loss of HK\$15,906,000 on right-of-use assets and property, plant and equipment of convenience store operation; (iii) adverse impact of COVID-19 pandemic on the Group's core business results; and (iv) gain of HK\$24,368,000 on deemed acquisition of subsidiaries, arising from remeasurement of fair value of previously held equity interest in associates and deemed acquisition of additional equity interest, during the six months ended 30th September, 2021.

### Convenience Store Operation

For the period under review, the fallouts of COVID-19 pandemic continued to batter the global economy. In Vietnam, the suspension of entry by foreigners remained in force. In the wake of the largest outbreak of COVID-19 pandemic in Vietnam during May 2021, the Government imposed stringent anti-pandemic measures with hard lockdowns and curfews in major cities. The series of restrictions hampered business activities and disrupted the economy in Vietnam. In the midst of the unprecedented challenging business environment and the plummet in foot traffic and tourist, the performance of the Group's convenience store business was inevitably hit with drop in revenue and increase in operating loss. Our convenience store operation segment recorded a net loss of HK\$73,666,000 for the period ended 30th September, 2021 (2020: HK\$54,809,000), including an impairment loss of HK\$15,906,000 on right-of-use assets and property, plant and equipment for this interim financial period. The impairment loss provision is measured in accordance with accounting standard HKAS 36 "Impairment of Assets". The carrying amount of the assets is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The estimated recoverable amount of assets was based on value-in-use calculations by applying discounted cash flow projections based on internal financial forecasts of our convenience store operation.

To weather the headwinds under COVID-19 pandemic, the Group continues to streamline its convenience store operation and carry out a series of cost reduction measures to control operating expenses and enhance productivity.

### Rice Operation

The Group's rice operation in Hong Kong performed steadily under the tough business environment. The prolonged impact of COVID-19 pandemic, with stringent government restrictions and weak consumer sentiments, posted negative growth to our rice revenue. To meet the challenges, the Group has been implementing proactive initiatives to enhance operation efficiency and improve profitability. To mitigate the potential credit risk under COVID-19 disruptions, the Group has enhanced our credit control policies to closely monitor the trade receivable collections and credit status of customers. The Group continued to maintain a low bad debt ratio amid the global economic downturn, with bad debt expenses of HK\$15,000 incurred during the period ended 30th September, 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Rice Operation (Continued)

The Group is committed to serve the Hong Kong community with undisturbed supply of staple rice. As part of our Business Continuity Measures under COVID-19 pandemic, we have carried out rigorous series of preventive measures on cleaning and sanitization to safeguard the health and safety of the workplace and the employees. On the operation side, the Group remains focus on stringent cost control and effective procurement strategies. Rice operation segment recorded profit before taxation of HK\$46,629,000 for this interim period, as compared to profit before taxation of HK\$65,765,000 for the same period last year.

### Plastic Bags Operation

During the period under review, the Group's equity interest in Supreme Development Company Limited and its subsidiaries ("Supreme Development"), the previously held interest in associates, increased from 41.16% to 61.75% under deemed acquisition of additional equity interest pursuant to a share buy-back transaction of Supreme Development ("the Share Buy-back"). Details of the Share Buy-back transaction are disclosed under section headed "Deemed Acquisition of Subsidiaries".

The Share Buy-back of Supreme Development completed on 15th April, 2021 ("the Completion"). In accordance with Financial Reporting Standards HKFRS 3 "Business Combination", the Group recognized a gain of HK\$24,368,000 on deemed acquisition of subsidiaries, arising from remeasurement of fair value of previously held equity interest in Supreme Development and deemed acquisition of additional equity interest therein.

Prior to the Completion, Supreme Development was accounted for in the Company's consolidated financial statements as Interest in Associate by using equity method of accounting. After the Completion, Supreme Development has become non-wholly owned subsidiary of the Company and its financial results are consolidated into the Group's consolidated financial statements.

Supreme Development is principally engaged in the business of manufacturing and sale of tubular and plastic bags. Results of Supreme Development are disclosed in the Group's segment results as a new business segment, namely the plastic bags operation segment. Plastic bags operation recorded revenue of HK\$90,935,000 and segment profit before taxation and non-controlling interests of HK\$13,104,000 for the interim period ended 30th September, 2021, including (i) gain of HK\$24,368,000 on deemed acquisition of subsidiaries by the Company and (ii) loss of HK\$11,264,000 for loss before taxation and non-controlling interests incurred by Supreme Development.

Looking ahead, the Group believes that with the vaccination program having achieved its intended results, the COVID-19 pandemic will soon be under control and the global economy will steadily recover in the year 2022. We have laid solid foundation in our core businesses and paved the way for the post-COVID resilience.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Liquidity and Financial Resources

The Group's financial position remains sound and healthy despite the challenging business environment under COVID-19 pandemic. The Group maintains stable and strong cash inflow with no bank borrowings. As at 30th September, 2021, the Group had cash balance of HK\$527,579,000.

With cash and other current assets of HK\$1,014,888,000 as at 30th September, 2021 as well as available banking facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements, as well as to meet the potential future challenges under COVID-19 pandemic.

As at 30th September, 2021, the Group's total current assets and total current liabilities amounted to HK\$1,014,888,000 (31st March, 2021: HK\$904,790,000) and HK\$436,903,000 (31st March, 2021: HK\$312,309,000) respectively. Total current assets as at 30th September, 2021 included cash and bank deposits of HK\$527,579,000 (31st March, 2021: HK\$462,867,000) and financial assets at fair value through profit or loss of HK\$181,253,000 (31st March, 2021: HK\$177,300,000). Total current liabilities included trade creditors of HK\$112,682,000 (31st March, 2021: HK\$99,128,000) and current portion of lease liabilities of HK\$112,286,000 (31st March, 2021: HK\$102,731,000).

The Group maintains sound liquidity ratio. Current ratio (defined as total current assets over total current liabilities) as at 30th September, 2021 was 2.3 times (31st March, 2021: 2.8 times). If excluding the current portion of lease liabilities of HK\$112,286,000 (31st March, 2021: HK\$102,731,000) recognized under HKFRS 16 "Leases", the current ratio was 3.1 times (31st March, 2021: 4.3 times).

As at 30th September, 2021, the Group had no bank borrowings and therefore the gearing ratio is nil (defined as bank borrowings over shareholders' equity).

As at 30th September, 2021, the Group recognized total lease liabilities of HK\$380,636,000 (31st March, 2021: HK\$293,261,000) under HKFRS 16 "Leases", including current portion of HK\$112,286,000 (31st March, 2021: HK\$102,731,000) and non-current portion of HK\$268,350,000 (31st March, 2021: HK\$190,530,000). Shareholders' equity amounted to HK\$1,133,996,000 as at 30th September, 2021 (31st March, 2021: HK\$1,170,749,000). The ratio of total lease liabilities over shareholders' equity (defined as total lease liabilities over shareholders' equity) as at 30th September, 2021 was 33.6% (31st March, 2021: 25.0%).

The Group will continue to cautiously manage the Group's net cashflow position and preserve sound and healthy financial position to meet future opportunities and challenges ahead.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Securities Investment

As at 30th September, 2021, the Group held financial assets at fair value through profit or loss of approximately HK\$181,621,000 (the “Investments”), particulars of which are set out below:

#### Equity securities

Stock Code	Name of investee company	Number of shares held	Percentage of share capital owned by the Group	Investment cost	Market value as at 30th September, 2021	Percentage to the Group's total assets	Unrealized	Realized	Dividend
							gain/(loss) on change in fair value for the six months ended 30th September, 2021	gain/(loss) on disposal for the six months ended 30th September, 2021	income received for the six months ended 30th September, 2021
			%	(Note 1) HK\$ '000	(Note 1) HK\$ '000	%	(Note 1) HK\$ '000	(Note 1) HK\$ '000	HK\$ '000
<b>Listed in Hong Kong</b>									
9988	Alibaba Group Holding Limited	3,000	0.00	757	427	0.02	(233)		
	Others							(205)	—
<b>Total listed in Hong Kong</b>				<b>757</b>	<b>427</b>	<b>0.02</b>	<b>(233)</b>	<b>(205)</b>	<b>—</b>
<b>Listed outside Hong Kong</b>									
159901.SZ	E Fund SZSE100 ETF	800,000	0.04	1,477	3,649	0.20	49		—
2330.TW	Taiwan Semiconductor Manufacturing Co Ltd	10,000	0.00	456	1,623	0.09	(20)		11
GOOGL.O	Alphabet Inc Class A	75	0.00	515	1,561	0.08	357		—
MSFT.OQ	Microsoft Corporation	1,670	0.00	1,025	3,666	0.19	600		10
AMZN.OQ	Amazon.com, Inc.	56	0.00	800	1,432	0.08	83		—
	Others							(102)	26
<b>Total listed outside Hong Kong</b>				<b>4,273</b>	<b>11,931</b>	<b>0.64</b>	<b>1,069</b>	<b>(102)</b>	<b>47</b>
<b>Total listed</b>				<b>5,030</b>	<b>12,358</b>	<b>0.66</b>	<b>836</b>	<b>(307)</b>	<b>47</b>
<b>Unlisted</b>				<b>29,968</b>	<b>368</b>	<b>0.02</b>	<b>—</b>	<b>122</b>	<b>—</b>
<b>Total equity securities</b>				<b>34,998</b>	<b>12,726</b>	<b>0.68</b>	<b>836</b>	<b>(185)</b>	<b>47</b>

#### Notes:

- The investment cost, market value as at 30th September, 2021, unrealized gain/(loss) on change in fair value and realized gain/(loss) on disposal of the Investments in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Securities Investment (Continued) Other securities

Name of investee company	Investment cost <i>HK\$ '000</i>	Market value as at 30th September, 2021 <i>HK\$ '000</i>	Percentage to the Group's total assets  %	Unrealized gain on change in fair value for the six months ended 30th September, 2021 <i>HK\$ '000</i>
Goldman Sachs (Asia) L.L.C. (Note 2)	69,794	102,552	5.43	2,077
Morgan Stanley & Co. International plc (Note 3)	46,542	66,343	3.52	2,419
<b>Total other securities</b>	<b>116,336</b>	<b>168,895</b>	<b>8.95</b>	<b>4,496</b>

#### Notes:

- The Group's investment portfolio in Goldman Sachs (Asia) L.L.C. (the "GS portfolio"), with fair value of HK\$102,552,000 as at 30th September, 2021 represented 5.43% of the Group's total assets as at 30th September, 2021. Details of this significant investment are disclosed below as the size of this investment exceeded the 5% threshold under paragraph 32(4A) of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The GS portfolio is managed by Goldman Sachs (Asia) L.L.C. (the "manager") for Billion Trade Development Limited ("Billion Trade"), a wholly-owned subsidiary of the Company. The investments in the portfolio are selected based on a global, multi-asset class discretionary separate account strategy of the manager. In this strategy, the manager utilizes its proprietary asset allocation model when setting the long-term strategic asset allocation with a focus on diversification across asset classes and regions. With respect to implementation, the manager draws from a spectrum of solutions to construct a portfolio with investments in mutual funds and exchange traded funds.

Normally, the GS portfolio is long term in nature. However, in the short and medium term the manager may tactically deviate from the strategic allocation when dislocations from long term historical valuations in certain asset classes arise.

As of 30th September, 2021, the GS portfolio was comprised of cash and cash equivalents (53.3%), in addition to mutual funds and exchange traded funds invested in fixed income (18.0%), equities (25.1%) and other investments (3.6%). The large portfolio cash position is due to Billion Trade's September 2020 instructions to partially redeem certain positions and hold cash.

For the six months ended 30th September, 2021, the 12-month period portfolio volatility was 3.57%. As the GS portfolio is a diversified multi-asset class portfolio, future risks include most risks that various asset classes face, including market, credit, interest rate, inflation, emerging market, liquidity, FX, real estate, derivatives and counter-party risks.

#### **Outlook**

This year the manager continued to see signs of a strong economic rebound and synchronized global growth. In the US, the March increase in nonfarm payrolls augured well for the labor market; business and consumer confidence also rose. Meanwhile in Europe, the vaccine program accelerated sharply, contributing to above-trend economic growth. On a global scale, growth momentum indicators and Purchasing Managers' Indices also substantially recovered.

During the first quarter, the surge in US inflation prompted investors to question if recent data served as a foreshadowing of a 1970s-like high inflationary regime. However, in the manager's view runaway inflation is unlikely and rising costs should abate over time as pandemic-related shortages and supply-chain constraints ease.

Despite concerns surrounding the evolution of the Delta variant, the slowdown in China's economy, or geopolitical concerns, the manager expects equities to deliver mid-single-digit annualized returns superior to cash and bonds for the foreseeable future. The manager has focused on two key areas: 1) the Economy, and 2) the Markets.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Securities Investment (Continued)

#### *Other securities (Continued)*

Notes: (Continued)

#### **The Economy**

While global GDP took a significant hit, contracting by an estimated 3.4% in 2020, the manager's base case calls for a solid recovery in 2021 and 2022 with the US outperforming other major developed markets. With hospitalization rates contained by ongoing vaccination progress, the continued reopening should support economic activity across major developed economies.

The Federal Reserve indicated at its September meeting that a formal taper announcement is likely in November as FOMC participants upgraded their inflation forecasts. In the manager's view, rising inflation has been driven by outliers such as second-hand cars, and should moderate over the next couple of years.

Meanwhile, unprecedented fiscal stimulus delivered during the pandemic to support household incomes and contain corporate bankruptcies continued to support the recovery. Going forward, the manager expects fiscal policy support to gradually fade, although government spending should remain elevated compared to pre-COVID levels.

#### **The Markets**

A confluence of risk events, including the evolution of COVID-19 cases, slowing global growth, the withdrawal of accommodative policy, uncertain fiscal policy, and turmoil in China's property sector led to 5% pullback in the S&P 500. However, the manager's base case remains that none of these risks are disruptive enough to tip the US economy into recession.

At these points of market uncertainty, the manager believes it is important to put recent developments into perspective. The manager reiterated that the historical odds of a 5% pullback in any given year have been close to 100% during past periods with similar valuations. However, in the manager's view the inevitability of the occasional pullback should not warrant an underweight to equities since these episodes tend to be short-lived.

Moreover, a corporate buyback blackout period concurred with burgeoning demand for downside hedges ahead of the Federal Reserve meeting, exacerbating the September sell-off.

On the other hand, the manager sees ample potential for investors to further rebalance into equities, given the US\$3.2 trillion difference between sizable cash/bond inflows and relatively small global equity inflows since the end of 2018.

More importantly, the fundamental underpinnings of the US expansion driven by strong corporate earnings remain intact. Following second quarter earnings, the manager revised S&P 500 EPS estimates for 2021 to the US\$205 - US\$210 range, of which the midpoint implies ~50% 2021 earnings growth to be followed by 7-10% annualized earnings growth over the next several years. Strong earnings have also continued to fuel record stock buybacks, which are approaching an estimated US\$900 billion this year. Finally, investors have enjoyed 87% odds of a positive return and a much greater likelihood of large gains than large losses during years of economic expansion.

Taken together, the manager has revised its S&P 500 2021-year end base case price target upward. Given these historical analogs and fundamental views, the manager continues to recommend staying invested.

For the six months ended 30th September, 2021, the GS portfolio recorded approximately 2% growth from HK\$100,346,000 as at 31st March, 2021 to HK\$102,552,000 as at 30th September, 2021. The growth is largely driven by marked-to-market fair value changes on the investment portfolio as at 30th September, 2021. The Group has not made any additional fund injection into the GS portfolio during the six months ended 30th September, 2021.

The Group continues to adopt prudent investment strategy to manage liquid investment portfolio under the backdrop of COVID-19 pandemic. The investment strategy of GS portfolio aligned with the Group investment strategy. The GS portfolio had realized part of the portfolio assets to increase cash holdings and reduce portfolio volatility amid the global market uncertainty.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Securities Investment (Continued)

#### *Other securities (Continued)*

*Notes: (Continued)*

- To the best of the Director's knowledge, information and belief having made all reasonable enquiries, the discretionary portfolio strategy with Morgan Stanley & Co. International plc (the "MS portfolio") is constructed based on a top-down approach that focuses on asset class, region/country, sector, investment's theme and style selection, as opposed to individual security selection (the "MS Strategy").

The MS Strategy is dynamically managed to provide a balanced allocation taking into account longer-term strategic views, while tactical views are deployed to address shorter term macro-economic and cyclical events.

The MS Strategy's investment objective is to provide a global asset allocation that seeks to achieve long-term capital appreciation over time by gaining exposure to a diversified range of asset classes, geographical markets, sectors and investment styles, primarily through funds, including exchanged traded funds, traditional funds and more sophisticated equity, fixed income, multi-asset class or alternative investment-linked funds.

As at 30th September, 2021, the MS portfolio comprised 10% cash or cash equivalents, 21% fixed income funds, 65% equity funds (in the United States, Europe, Japan, Asia Pacific ex Japan and emerging markets) and the remaining 4% alternative strategies (which may, from time to time, include hedge funds, commodities, real estate). The 3-month period and 12-month period annualized portfolio volatility of the MS Strategy were 6.7% and 7.7% respectively.

The manager thinks the mid cycle transition will end with a correction in one of the highest quality large cap stock indexes in the world, the S&P 500. A few weeks ago the manager laid out two near-term risk paths that could cause it: "fire" (the Federal Reserve begins to remove monetary accommodation in response to an overheating economy) and "ice" (earnings revisions and higher frequency macro data points decelerate amid demand payback, supply chain issues and margin pressure).

The typical mid cycle transition "fire" outcome would lead to a modest and healthy 10% correction. However, "ice" is starting to look more likely and could result in a bigger drawdown, i.e., 20% or more. As a result, we materially reduced our portfolio allocations to equities two weeks ago and continue to suggest a barbell of more defensive stocks (health care and staples) to protect from the "ice" scenario while keeping a leg in financials to take part in the "fire" outcome as higher rates transpire.

On the decelerating growth front, we point to downside risk to earnings revisions this quarter, falling consumer confidence and purchasing manager surveys. These are all highly correlated to S&P 500 prices on a rate-of-change basis, and they all suggest 10% to 20% downside from recent highs. So far, we're down about 6%.

We remain constructive on services over goods in discretionary... but services make up only 17% of the sector. Given the overconsumption that's already taken place in consumer goods and that pricing is becoming demand-destructive, we're wary of the discretionary sector's heavy weighting toward goods, and we remain underweight the sector. Economically, the dynamic is different, as personal consumption is driven by services more than goods. Thus, a reversion in personal consumption of goods back to trend is less of an economic risk than a market one.

Bottom line, the economy is doing fine. In fact, it's been on fire, with demand exceeding supply for many goods and services. That tends to bring on monetary tightening, which is usually not great for stock valuations. That's normal and typical at this stage of economic recovery. However, growth is now slowing more than it typically does at this stage, which may increase the size of the correction we usually get. But if one is properly positioned for it, then they're in good shape to be patient and take advantage of what should be the largest dip of the year.

For the six months ended 30th September, 2021, the MS portfolio recorded approximately 4% growth from HK\$63,842,000 as at 31st March, 2021 to HK\$66,343,000 as at 30th September, 2021. The growth is largely driven by marked-to-market fair value changes on the investment portfolio as at 30th September, 2021. The Group has not made any additional fund injection into the MS portfolio during the six months ended 30th September, 2021.

The Group continues to adopt prudent investment strategy to manage liquid investment portfolio under the backdrop of COVID-19 pandemic.

Save as the Investments as set out in the tables above, the Group did not hold any other significant investments during the six months ended 30th September, 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Securities Investment (Continued)

#### *Investment strategy*

The investment strategy is to adopt prudent and liquid investment management so as to pursue a well-balanced and diversified investment portfolio that seeks to achieve long-term capital appreciation and stable investment return for the Group.

During the six months ended 30th September, 2021, the Group recorded net fair value gain on financial assets at fair value through profit or loss of approximately HK\$5,147,000, attributable to unrealized gain of approximately HK\$5,332,000 and realized loss of approximately HK\$185,000. Dividend income received from financial assets at fair value through profit or loss amounted to approximately HK\$47,000 during the period. No financial assets at fair value through profit or loss were acquired during the period. The amounts of financial assets at fair value through profit or loss disposed during the period amounted to approximately HK\$19,184,000.

### DEEMED ACQUISITION OF SUBSIDIARIES

On 26th March, 2021, Supreme Development Company Limited (“Supreme Development”), a company beneficially owned as to approximately 41.16% by the Company, entered into Share Buy-back Agreement with Sojitz (Hong Kong) Limited (“SJHK”) and Sojitz Pla-Net Corporation (“SPNC”), pursuant to which Supreme Development conditionally agreed to buy-back 3,501,350 Supreme Development’s shares and 1,500,150 Supreme Development’s shares (representing approximately 23.34% and 10% of the total number of issued shares of Supreme Development respectively) from SJHK and SPNC respectively at a total consideration of HK\$27,505,500 (“the Share Buy-back”).

The Share Buy-back transaction is deemed to be an acquisition by the Company as the Group’s percentage of shareholding in Supreme Development increased from approximately 41.16% to 61.75% upon completion.

The Share Buy-back of Supreme Development completed on 15th April, 2021. In accordance with Financial Reporting Standards HKFRS 3 “Business Combination”, the Group recognized a gain of HK\$24,368,000 on deemed acquisition of subsidiaries, arising from remeasurement of fair value of previously held equity interest in Supreme Development and deemed acquisition of additional equity interest therein.

Prior to the completion, Supreme Development was accounted for in the Company’s consolidated financial statements as Interest in Associate by using equity method of accounting. After completion, Supreme Development has become non-wholly owned subsidiary of the Company and its financial results are consolidated into the Group’s consolidated financial statements.

Supreme Development is principally engaged in the business of manufacturing and sale of tubular and plastic bags.

## **CONNECTED TRANSACTION AND EVENT AFTER THE REPORTING PERIOD**

On 6th October, 2021, Supreme Development Company Limited (“Supreme Development”), an indirect non-wholly owned subsidiary beneficially owned as to approximately 61.75% by the Company, entered into a Share Buy-back Agreement with Mr. Lau Shiu Yin, a director of Supreme Development and beneficially owner of approximately 23.75% shareholding in Supreme Development, pursuant to which Supreme Development agreed to buy-back 364,000 Supreme Development’s shares (representing approximately 3.64% of the total number of issued shares of Supreme Development) from Mr. Lau Shiu Yin at a cash consideration of HK\$3,003,000 (“the Second Share Buy-back”).

Mr. Lau Shiu Yin is a connected person of the Company at the subsidiary level and the transaction is a connected transaction only because it involved connected persons at the subsidiary level. The size of the transaction is below the 1% de minimis rules under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Second Share Buy-back transaction is deemed to be an acquisition of additional interest in subsidiary by the Company as the Group’s percentage of shareholding in Supreme Development increased from approximately 61.75% to 64.08% upon completion of the Second Share Buy-back.

## **INTERIM DIVIDEND**

The Directors have declared an interim dividend of HK1.2 cents per share for the year ending 31st March, 2022 (2020/2021: HK1.1 cents per share) to the shareholders on the Register of Members of the Company at the close of business on Friday, 17th December, 2021.

It is expected that the interim dividend will be paid to the shareholders on or about Monday, 10th January, 2022.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Monday, 13th December, 2021 to Friday, 17th December, 2021, 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 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. (Hong Kong time) on Friday, 10th December, 2021.

## **EMPLOYEES AND REMUNERATION POLICY**

The total number of employees for the Group is about 4,069.

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 to the Listing Rules as its own code on corporate governance. The Company has complied with the Code throughout the six months ended 30th September, 2021.

## **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. Joseph LAM Yuen To, 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, 2021.

## **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, 2021.

## **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](http://www.hkex.com.hk)) and the website of the Company ([www.grdil.com](http://www.grdil.com)). The 2021/2022 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**  
**Laurent LAM Kwing Chee**  
*Chairman*

Hong Kong, 29th November, 2021

*As at the date of this announcement, the executive directors of the Company are Mr. Laurent LAM Kwing Chee (Chairman), Mr. Anthony LAM Sai Ho (Vice Chairman and Chief Executive Officer), Madam LAM Sai Mann, Ms. Morna YUEN Mai-tong and Mr. TSANG Siu Hung. The non-executive director of the Company is Mr. Dennis LAM Saihong. The independent non-executive directors of the Company are Mr. Joseph LAM Yuen To, Mr. Michael YU Tat Chi and Mr. Ronald YAN Mou Keung.*