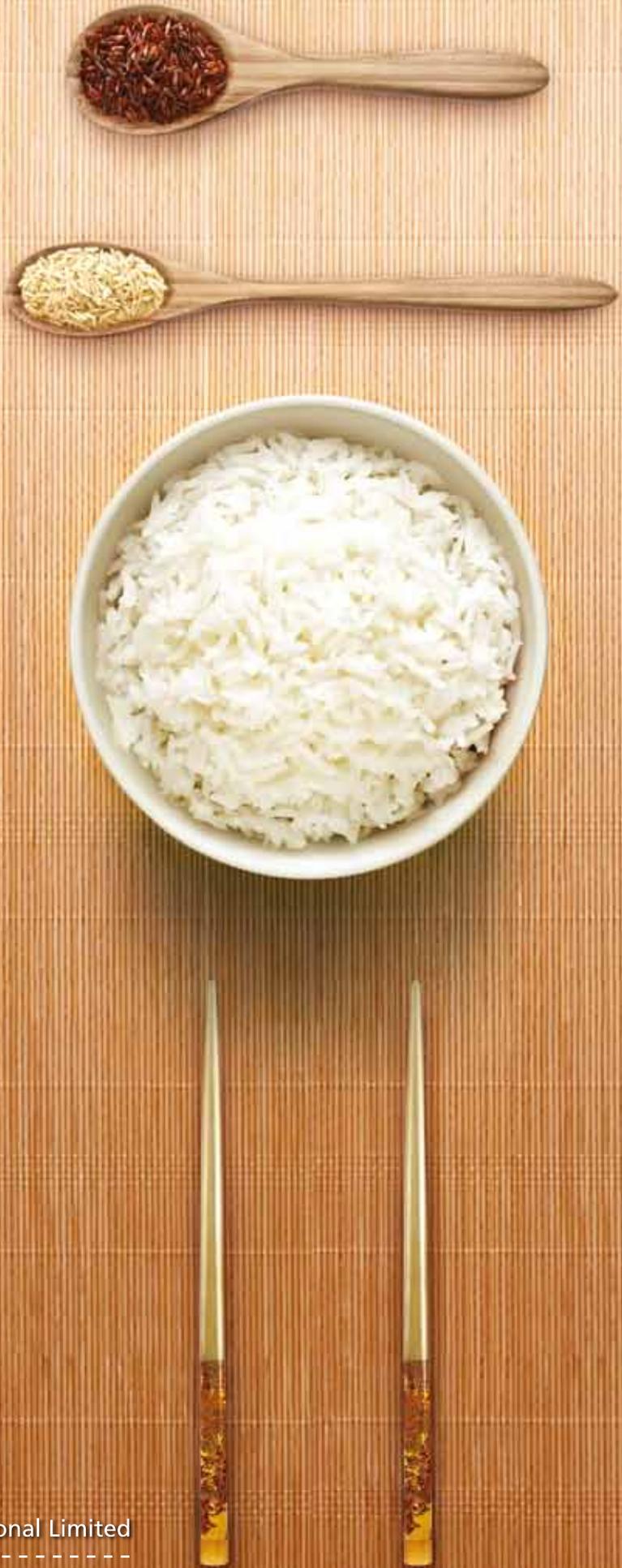


GOLDEN·RESOURCES

ANNUAL REPORT 2011



Golden Resources
Development International Limited

(Stock Code : 677)

Incorporated in Bermuda with Limited Liability

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BOARD OF DIRECTORS

Executive Directors

Alvin Leslie LAM Kwing Wai
(Chairman and Managing Director)
Anthony LAM Sai Ho *(Vice Chairman)*
Rosita YUEN LAM Kit Woo
Laurent LAM Kwing Chee
TSANG Siu Hung

Independent Non-executive Directors

Leo CHAN Fai Yue
John WONG Yik Chung
Richard LAU Siu Sun

QUALIFIED ACCOUNTANT

TSANG Siu Hung

COMPANY SECRETARY

LEUNG Chi Keung

AUDITORS

HLM & Co.
Certified Public Accountants

PRINCIPAL BANKER

The Hongkong & Shanghai Banking
Corporation Limited

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM11, Bermuda

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

Appleby Management (Bermuda) Ltd.
Argyle House, 41A Cedar Avenue,
Hamilton HM12, Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Standard Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Golden Resources Centre
2-12 Cheung Tat Road
Tsing Yi Island, New Territories
Hong Kong

COMPANY WEBSITE

<http://www.grdil.com>

STOCK CODE

The Stock Exchange of Hong Kong
Limited: 677

On behalf of the Board of Directors, I have pleasure in presenting the audited consolidated results of Golden Resources Development International Limited (“the Company”) and its subsidiaries (“the Group”) for the year ended 31st March, 2011.

BUSINESS REVIEW AND PROSPECTS

We are pleased to report to the shareholders that the net profits under review for this financial year were approximately HK\$146,665,000. We have managed to sustain modest growth in terms of turnover and profitability this year. The higher profits in last year when compared with this year were the result of the share of the one-time profits from our Malaysian property project in last year.

In Hong Kong, the business environment of rice market continued to be challenging. The intense competition among major market operators persisted and the international raw rice cost remained volatile. These factors had exerted pressure on the Group. To mitigate these pressures, we have continuously taken effective measures to implement stringent cost control, expand market penetration, streamline operations and enhance operation efficiency so as to sustain the Group’s profitability. To bolster the Group’s overall efficiency, the Group has commenced to set up the SAP Enterprise Resources Planning (ERP) System. This will allow the management to improve the alignment of our business strategies with operations through the access of the quality management information in real time to identify concerns promptly as well as to improve productivity and efficiency. Our Group continues to focus on enhancing the quality and food-safety of our products. All our rice products are processed in Hong Kong to ensure each and every grain of ours have passed through our stringent processing and quality control system. We have put continuous effort to upgrade our processing machineries, working closely in research and development with our international counterparts to ensure our edge with the latest technology available in the market. To date, apart from our existing system, we have upgraded our rice processing machinery and technology, namely the installation and operation of the full Double Colour and Near-Infra-Red Sorting in Hong Kong, ensuring each and every grain to be of the highest standard available for the consumers.

In Vietnam, our Circle-K convenience store business, which the Group completed the acquisition in October last year for a total consideration of HK\$33.2 million, has been progressing well as anticipated. We have full confidence in the prospect of this business and believe that it will become the new income stream to the Group and add value to the shareholders in the future. With regard to other business development of the Group in Vietnam, the Group is seriously reviewing the development of the water distribution network project. We are currently negotiating with the Vietnam Provincial Government regarding the viability of the project as the construction work is being suspended pending for the official approval on the design work.

The Group’s financial strength and balance sheet remain strong and healthy. With the Group’s cash and bank balances of HK\$206 million as at 31st March, 2011, the Group is well positioned to pursue selective investment to enhance our portfolio quality and generate stable and favourable returns to the shareholders.

Looking ahead, we will continue to take a prudent and selective approach to business development and investment. We believe that we have the capabilities to meet the challenges and opportunities ahead, and to expand our business investments. We have confidence in the long-term prospect of the Group.

FINAL DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of 1.2 cents per share (2010: 1.2 cents per share) for the year ended 31st March, 2011 to the shareholders on the Register of Members of the Company at the close of business on Monday, 5th September, 2011. Together with the interim dividend of 1.2 cents per share paid on Friday, 7th January, 2011, the total dividends for the year ended 31st March, 2011 will be 2.4 cents per share (2010: 2.4 cents per share).

Subject to the approval of shareholders at the forthcoming Annual General Meeting, the final dividend will be paid to the shareholders on or about Friday, 16th September, 2011.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement of the shareholders to attend and vote at the forthcoming Annual General Meeting, the Register of Members of the Company will be closed from Thursday, 25th August, 2011 to Wednesday, 31st August, 2011, both days inclusive, during which period no transfer of shares of the Company will be registered. Shareholders whose names appear on the Register of Members of the Company at the close of business on Wednesday, 24th August, 2011 will be entitled to attend and vote at the Annual General Meeting. 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, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 24th August, 2011.

The last day for trading in the Company's shares with entitlement to the final dividend will be on Thursday, 1st September, 2011. The Company's shares will be traded ex-entitlement on Friday, 2nd September, 2011. The record date for the entitlement to the final dividend is at 4:30 p.m. on Monday, 5th September, 2011. In order to qualify for the final dividend, if approved, 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, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 5th September, 2011. The final dividend will be paid on or about Friday, 16th September, 2011.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares for the year ended 31st March, 2011.

On behalf of the Board

Alvin Leslie LAM Kwing Wai
Chairman

Hong Kong, 29th June, 2011

Established in 1946, the Golden Resources Group was proud to achieve listing on The Stock Exchange of Hong Kong Limited in 1991. As an innovative pioneer in the local rice industry, the Group can assert itself as the sole entity to have established a complete rice-processing plant in Hong Kong, one of the most sophisticated and advanced rice production facilities available. With over decades of development, the Group has claimed a preeminent position, the envy of all in its field. The Group has made its way to the forefront of this industry with a vast spectrum of highly reputable brands including Golden Elephant, Kangaroo and Cherry Blossom, to name but a few. At the inception of this new century, the Group will continue to capitalize on its highly regarded logistics system and distribution network, and endeavor to set the pace in the retail and institutional markets, in offering products and services of uncompromising and unparalleled excellence to diverse markets across the globe.

Visit www.rice.com.hk to share the proud heritage of Golden Resources Group.

The Company is committed to maintaining good corporate governance standard and procedures to safeguard the interests of all shareholders and to enhance accountability and transparency.

CORPORATE GOVERNANCE PRACTICES

The Company adopted all the code provisions in the Code on 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 year ended 31st March, 2011 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 year, 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.

DIRECTORS’ SECURITIES TRANSACTIONS

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 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 year ended 31st March, 2011.

THE BOARD

Composition

The Board currently comprises eight Directors including five Executive Directors and three Independent Non-executive Directors. The Independent Non-executive Directors possess appropriate academic and professional qualifications or related financial management expertise and have brought a wide range of business and financial experience and independent judgment to the Board.

The composition of the Board of the Company for the year ended 31st March, 2011 and up to the date of this report were:

Executive Directors:

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

Mr. TSANG Siu Hung

Independent Non-executive Directors:

Mr. Leo CHAN Fai Yue

Mr. John WONG Yik Chung

Mr. Richard LAU Siu Sun

Mr. Alvin Leslie LAM Kwing Wai, Chairman and Managing Director of the Company, is the brother of Madam Rosita YUEN LAM Kit Woo and Mr. Laurent LAM Kwing Chee, Executive Directors of the Company, and the uncle of Mr. Anthony LAM Sai Ho, Vice Chairman of the Company. The biographical details and relationships among members of the Board are set out on pages 18 to 20 of this annual report. Save as disclosed above and in the “Biographical Details of Directors and Senior Management Staff” section of this annual report, none of the Directors of the Company has any financial, business, family or other material/relevant relationships with one another.

During the year ended 31st March, 2011, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors with at least one Independent Non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received written annual confirmation in respect of independence from all its Independent Non-executive Directors pursuant to the requirements of the Listing Rules. The Company considers all Independent Non-executive Directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

Function

The Board sets the Group’s overall objectives and strategies, monitors and evaluates its operating and financial performance and reviews the corporate governance standard of the Company. It also decides on matters such as annual and interim results, major transactions, director appointments or re-appointments, and dividend and accounting policies. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operations of the Group’s businesses to the Managing Director and the senior management.

The Board held four regular board meetings at approximately quarterly interval during the year ended 31st March, 2011. Additional board meetings were held when necessary. Notices of at least 14 days accompanying with agenda for regular board meetings were given to all of the Directors. The Directors have been provided in a timely manner with appropriate information in order to enable them to discharge their duties and responsibilities. The regular board meetings have been participated by the Directors either in person or by way of telephone conference from time to time when necessary. Minutes of full board meetings and meetings of board committee are properly kept and all Directors are entitled to have access to board papers and the related materials.

Details of individual attendance of Directors are set out in the table below:

| Name of Director | Number of Attendance/ Number of Meeting Held |
|--|--|
| Executive Directors: | |
| Mr. Alvin Leslie LAM Kwing Wai (<i>Chairman and Managing Director</i>) | 4/4 |
| Mr. Anthony LAM Sai Ho (<i>Vice Chairman</i>) | 4/4 |
| Madam Rosita YUEN LAM Kit Woo | 4/4 |
| Mr. Laurent LAM Kwing Chee | 4/4 |
| Mr. TSANG Siu Hung | 4/4 |
| Independent Non-executive Directors: | |
| Mr. Leo CHAN Fai Yue | 4/4 |
| Mr. John WONG Yik Chung | 4/4 |
| Mr. Richard LAU Siu Sun | 4/4 |

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the year, the Chairman and the Managing Director of the Company is Mr. Alvin Leslie LAM Kwing Wai.

According to the code provision A.2.1 of the Code, the roles of a Chairman and a Managing Director should be separate and should not be performed by the same individual. 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.

NON-EXECUTIVE DIRECTORS

The Independent Non-executive Directors of the Company were appointed with specific written term. The term of appointment of all of the Independent Non-executive Directors will be automatically renewable for each year commencing from the next day after the expiry of the current term of appointment to the next Annual General Meeting subsequently held, unless terminated by not less than one month's notice in writing served by either party or the other. All of the Independent Non-executive Directors are subject to retirement by rotation once every three years and are subject to re-election.

REMUNERATION OF DIRECTORS

The Company established the Remuneration Committee on 12th April, 2005 with specific written terms of reference in accordance with the requirement of the Stock Exchange which deal clearly with its authority and duties.

The members of the remuneration committee for the year ended 31st March, 2011 comprise four members, of which three are Independent Non-executive Directors, Mr. Leo CHAN Fai Yue (Chairman of remuneration committee), Mr. John WONG Yik Chung, Mr. Richard LAU Siu Sun and one is Executive Director, Mr. Alvin Leslie LAM Kwing Wai.

The principal duties of the Remuneration Committee include:

- to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management of the Group;
- to review and approve performance-based remuneration;
- to determine the specific remuneration packages of all Executive Directors and senior management and to make recommendation to the Board of the remuneration of Non-executive Directors;
- to review and approve the compensation payable to Executive Directors and senior management and the compensation arrangements relating to dismissal or removal of Directors for misconduct; and
- to ensure that no Director or any of his associates is involved in deciding his own remuneration.

The Remuneration Committee held one meeting during the year ended 31st March, 2011 to discuss remuneration related matters. The individual attendance of each member was as follows:

| Name of Director | Number of Attendance/ Number of Meeting Held |
|--|--|
| Mr. Leo CHAN Fai Yue (<i>Chairman of the remuneration committee</i>) | 1/1 |
| Mr. Alvin Leslie LAM Kwing Wai | 1/1 |
| Mr. John WONG Yik Chung | 1/1 |
| Mr. Richard LAU Siu Sun | 1/1 |

During the year ended 31st March, 2011, the summary of work performed by the Remuneration Committee was as follows:

- reviewed the remuneration policy for 2010/2011;
- reviewed and updated the existing Director's fee; and
- reviewed the remuneration of the Executive Directors and the Independent Non-executive Directors.

NOMINATION OF DIRECTORS

The Company has not established a nomination committee. The Board is empowered under the Company's Bye-Laws to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Qualified candidates will be proposed to the Board for consideration and the selection criteria are mainly based on the assessment of their professional qualifications and experience. The Board selects and recommends candidates for directorship having regard to the balance of skills and experience appropriate to the Group's business.

AUDITORS' REMUNERATION

During the year ended 31st March, 2011, the total audit fee of the Group amounted to approximately HK\$410,000. Non-audit service fee for the year amounted to approximately HK\$34,000.

AUDIT COMMITTEE

The Company established the Audit Committee on 10th August, 1999 with specific written terms of reference in accordance with the requirement of the Stock Exchange which deal clearly with its authority and duties.

The members of the Audit Committee for the year ended 31st March, 2011 comprise three Independent Non-executive Directors, Mr. John WONG Yik Chung (Chairman of audit committee), Mr. Leo CHAN Fai Yue and Mr. Richard LAU Siu Sun.

The Audit Committee's primary functions include:

- to recommend to the Board on the appointment and terms of engagement of the external auditors;
- to review and monitor the appropriateness of accounting policy, accounting practices, financial reporting and disclosure and the application of judgment and estimates related thereto;
- to review the Company's annual and interim reports and any opinion expressed by the external auditors;
- to review any related party transactions and connected party transactions for compliance with the requirements of the Listing Rules and for reasonableness and fairness to the Company and its shareholders;
- to review with the external auditors issues raised in the external auditors' management letter, queries or similar communications;
- to monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; and
- to review the Group's financial controls, internal control and risk management systems.

The Audit Committee held two meetings during the year ended 31st March, 2011. The attendance of each member is set out as follows:

| Name of Director | Number of Attendance/ Number of Meeting Held |
|--|---|
| Mr. John WONG Yik Chung (<i>Chairman of the audit committee</i>) | 2/2 |
| Mr. Leo CHAN Fai Yue | 2/2 |
| Mr. Richard LAU Siu Sun | 2/2 |

During the year ended 31st March, 2011, the summary of work performed by the Audit Committee was as follows:

- review of the financial statement for the year ended 31st March, 2010 and for the six months ended 30th September, 2010;
- review and discussion of the audit findings with the auditors and review of the annual results announcement;
- review and consideration of various accounting issues and new standards and their financial impact; and
- consideration of the audit fee and audit work for the year.

DIRECTORS' RESPONSIBILITIES FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are responsible for overseeing the preparation of accounts for each financial period with a view to ensuring such accounts give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. The Company's accounts are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgment and estimates made are prudent and reasonable.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 31 to 32 of this annual report.

INTERNAL CONTROL

The Board has overall responsibility for maintaining a sound and effective internal control system of the Group. The Group's internal control system includes a well defined management structure with limits of authority which is designed for the achievement of business objectives, so as to safeguard assets against unauthorized use or disposition, to ensure proper maintenance of books and records for the provision of reliable financial information for internal use or publication, and to ensure compliance with relevant legislation and regulations.

During the year under review, the Board, through the Audit Committee, has conducted a review of the effectiveness of the internal control system of the Group including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

COMMUNICATION WITH SHAREHOLDERS

The Company uses a range of communication tools to ensure its shareholders are kept well informed of key business imperatives. These include annual general meeting, annual report, interim report, various notices, announcements and circulars.

Separate resolutions are proposed at general meetings on each substantial separate issue, including the election of individual Directors.

The annual general meeting of the Company provides a useful forum for shareholders to exchange views with the Board. The Directors, chairmen of the audit and remuneration committees and external auditors are also available at the annual general meeting to address shareholders' queries.

To promote effective communication, the Company also maintains a website at www.grdil.com, where information and updates on the Company's business developments and operations, financial information and other information are posted.

Details of the poll voting procedures are included in the Company's circulars convening a general meeting. Where necessary, the detailed procedures for conducting a poll will be explained at the meeting. The results of the poll will be posted on the websites of the Stock Exchange and the Company after each general meeting.

The Directors present their annual report and the audited financial statements for the year ended 31st March, 2011.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and its subsidiaries are engaged in the business of sourcing, importing, wholesaling, processing, packaging, marketing and distribution of rice, securities investment, property investment, operation of convenience stores and restaurants and investment holding.

Analyses of the Group's turnover and segment results by operating segment and geographical segment are set out in note 6 to the financial statements.

SUBSIDIARIES AND ASSOCIATES

Details of the Company's principal subsidiaries and of the Group's principal associates at 31st March, 2011 are set out in notes 15 and 16 to the financial statements.

RESULTS AND APPROPRIATION

The results of the Group for the year ended 31st March, 2011 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 33 to 98.

An interim dividend of 1.2 cents per share amounting to approximately HK\$18,637,000 was paid to the shareholders during the year. The Directors now recommend the payment of a final dividend of 1.2 cents per share to the shareholders on the Register of Members on Monday, 5th September, 2011 amounting to approximately HK\$18,637,000.

SHARE PREMIUM AND RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 27 to the financial statements and the consolidated statement of changes in equity respectively.

GROUP FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 100 of the annual report.

INVESTMENT PROPERTIES

The Group revalued all of its investment properties at 31st March, 2011. The revaluation surplus of HK\$10,590,000 has been credited to the consolidated income statement.

Details of movements during the year in the investment properties of the Group are set out in note 13 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 12 to the financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 25 to the financial statements.

CONVERTIBLE NOTES

Details of movements during the year in the convertible notes of the Company are set out in note 24 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws or the law of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors:

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

Mr. TSANG Siu Hung

DIRECTORS *(Continued)*

Independent Non-executive Directors:

Mr. Leo CHAN Fai Yue
Mr. John WONG Yik Chung
Mr. Richard LAU Siu Sun

In accordance with the Company's Bye-Laws, Mr. Anthony LAM Sai Ho, Mr. Laurent LAM Kwing Chee and Mr. John WONG Yik Chung shall retire by rotation and, being eligible, offer themselves for re-election.

Each of the Independent Non-executive Directors confirmed his independence with the Company pursuant to rule 3.13 of the Listing Rules. The Company considered all the Independent Non-executive Directors are independent.

The term of office of each Executive Director is the period up to his retirement by rotation in accordance with the Company's Bye-Laws.

The term of appointment of the Independent Non-executive Directors, Mr. Leo CHAN Fai Yue, Mr. John WONG Yik Chung and Mr. Richard LAU Siu Sun, will be renewable automatically for each year commencing from the next day after the expiry of the current term of appointment to the next Annual General Meeting subsequently held, unless terminated by not less than one month's notice in writing served by either party or the other. All of the Independent Non-executive Directors are subject to retirement by rotation once every three years and are subject to re-election.

SERVICE CONTRACTS OF DIRECTORS

Mr. Alvin Leslie LAM Kwing Wai, the Chairman and Managing Director, had entered into service contract with the Company for an initial term of three years commencing on 1st January, 1991. The service contract remains effective after the expiry date unless terminated by either party with six months' notice in writing. As at 31st March, 2011, the service contract had not been terminated by either party.

Save as disclosed above, no Director being proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT STAFF

1. Directors

The biographical details of the Directors of the Company are as follows:

Alvin Leslie LAM Kwing Wai, aged 66, Chairman and Managing Director of the Company. Mr. Lam joined the Group in 1970 after he obtained his Master of Business Administration degree from the University of California, Berkeley, U.S.A. He has extensive experience in financial management and investment planning. Mr. Lam is currently an independent non-executive director of Regal Portfolio Management Limited whom is the manager of Regal Real Estate Investment Trust, a Hong Kong collective investment scheme authorized under section 104 of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) and the units of which are listed on the Main Board of the Stock Exchange. Mr. Lam is the brother of Madam Rosita YUEN LAM Kit Woo and Mr. Laurent LAM Kwing Chee, and the uncle of Mr. Anthony LAM Sai Ho.

Anthony LAM Sai Ho, aged 44, Vice Chairman of the Company. He graduated from the University of Sydney in Australia, majoring in Economics and Psychology. After graduation, Mr. Lam joined the Merchant Banking Division of the State Bank of New South Wales, and had been extensively involved in the corporate financing and the securitization of assets and mortgages. Mr. Lam returned to Hong Kong and joined the Group in 1991 and has been appointed in several key senior management positions in Hong Kong and other Asian countries including Vietnam and Thailand. On 1st December, 2010, Mr. Lam resigned as executive director of ICube Technology Holdings Limited (Formerly known as “GR Vietnam Holdings Limited”), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 139). Mr. Lam is an Executive Committee Member of the Customer Liaison Group for Rice under the Trade and Industry Department in Hong Kong, and the Executive Committee Member of the Federation of Hong Kong Industries. He had been awarded the Ap Bac Medal from the Vietnam Government in recognition of his contribution to the rice industry in Vietnam. Apart from being active members in different business chambers and associations around the world, Mr. Lam is also a regular speaker in major international conferences. Mr. Lam is the nephew of Mr. Alvin Leslie LAM Kwing Wai, Madam Rosita YUEN LAM Kit Woo and Mr. Laurent LAM Kwing Chee.

Rosita YUEN LAM Kit Woo, aged 65, Executive Director and Treasurer of the Company. She graduated from the University of California, Los Angeles, U.S.A. with a B.A. in Economics and joined the Group in 1991. Madam Yuen has extensive experience in banking and trading. Madam Yuen is the sister of Mr. Alvin Leslie LAM Kwing Wai and Mr. Laurent LAM Kwing Chee, and the aunt of Mr. Anthony LAM Sai Ho.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT STAFF *(Continued)*

1. Directors *(Continued)*

Laurent LAM Kwing Chee, aged 64, Executive Director of the Company. He graduated from the Eastern Illinois University, U.S.A. with a bachelor degree in Economics and joined the Group in 1991. Mr. Lam has extensive experience in property development and investment. Mr. Lam is the brother of Mr. Alvin Leslie LAM Kwing Wai and Madam Rosita YUEN LAM Kit Woo, and the uncle of Mr. Anthony LAM Sai Ho.

TSANG Siu Hung, aged 56, Executive Director and Financial Controller of the Company. He holds a bachelor degree in Accountancy and is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He joined the Group in 1985. Mr. Tsang has extensive professional experience in finance, accounting and auditing fields.

Leo CHAN Fai Yue, aged 70, was appointed as an Independent Non-executive Director of the Company in 1999. Mr. Chan has over 30 years of invaluable experience in Hong Kong stock market and manufacturing industry. During his early years in Japan, he was exposed to the trading and finance field. He is an independent non-executive director of Datronix Holdings Limited, which is a listed company in Hong Kong, and a director of a paint manufacturing company in Bangkok. Mr. Chan is a member of The Hong Kong Institution of Directors.

John WONG Yik Chung, aged 44, was appointed as an Independent Non-executive Director of the Company in 2004. He is also an independent non-executive director of Ecogreen Fine Chemicals Group Limited (a listed company in Hong Kong, stock code: 2341), Beijing North Star Company Limited (a listed company in Hong Kong, stock code: 588) and CDW Holdings Limited (a listed company in Singapore, stock code: D38.SI). On 1st July, 2010, he resigned as independent non-executive director of General Steel Holdings Inc, a company listed in the United States. He is a professional accountant by training with more than 18 years of experience in auditing and corporate finance work, with extensive exposure to the business enterprise in the People's Republic of China ("PRC"). Mr. Wong is currently the director of Vantage Consulting Group, a firm providing a variety of professional outsourcing solutions to an international client base investing in PRC. Mr. Wong graduated from the University of Melbourne. He is a fellow member of the Australian Society of Certified Public Accountants and the Hong Kong Institute of Certified Public Accountants. He also obtained a PRC Certificate of Independent Directorship in 2002.

Richard LAU Siu Sun, aged 64, was appointed as an Independent Non-executive Director of the Company in 2006. Mr. Lau has over 35 years of commercial banking experience. Mr. Lau previously held a managerial position in a local reputable bank and has retired from the bank since early August 2006. Mr. Lau has extensive experience in banking and finance field.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT STAFF *(Continued)*

2. Senior Management

The five Directors of the Company holding executive offices above are directly responsible for the various businesses of the Group. They are regarded as the members of the senior management of the Group.

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

As at 31st March, 2011, 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 pursuant to 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 <i>(Note 1)</i> | 1.51% |
| Mr. Anthony LAM Sai Ho | — | — | 7,350,000 | 7,350,000 <i>(Note 2)</i> | 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.

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

Long positions *(Continued)*

(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 associates 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.

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

Long positions *(Continued)*

Save as disclosed above, as at 31st March, 2011, none of the Directors nor their associates of the Company had or was deemed to have any interest or short positions in the shares or underlying shares of the Company or any of its associated corporations 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 the Company's directors (including the independent non-executive directors), employees of the Company and/or any of its subsidiaries, and other persons who, in the sole discretion of the board of directors of the Company, have contributed to the Group, options to subscribe for shares of the Company. No option was granted, exercised, lapsed or cancelled during the year or remained outstanding as at 31st March, 2011. Particulars of the Company's share option scheme are set out in note 26 to the financial statements.

Save as disclosed above, at no time during the year 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.

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.

MATERIAL TRANSACTION *(Continued)*

Disposal of interest in an associate *(Continued)*

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 The Socialist Republic of Vietnam (“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 (equivalent to approximately HK\$15,288,000 as at the date hereof).

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.

RELATED PARTY TRANSACTIONS

Details of the related party transactions entered into by the Group during the year are set out in note 31 to the financial statements.

CONNECTED TRANSACTIONS

1. Since July 2009, the Group has engaged Food Company of Ho Chi Minh City Ltd. (“Food Company Ltd”), which was then a party independent of and not connected with the Company and its connected person, for the supply of rice (“the Supply of rice”) to the Group in connection with its business.

On 20th December, 2010, the Group completed the subscription of 70.6% interest in Yellow Circle Joint Stock Company (“Yellow Circle”), a company established in Vietnam. As a result, Yellow Circle becomes a non-wholly owned subsidiary of the Company. Since the remaining 29.4% interest in Yellow Circle is held by Food Company Ltd, Food Company Ltd becomes a substantial shareholder of a non-wholly owned subsidiary of the Company and a connected person of the Company.

In view that the sourcing and supply of rice between the Group and Food Company Ltd as described above will continue as between themselves or their respective subsidiaries, the Company and Food Company Ltd entered into a framework agreement on 21st December, 2010 in respect of the continuing connected transaction, with a term commencing from the effective date of 24th December, 2010 to 31st March, 2013 (“the Framework Agreement”). Pursuant to the terms of the Framework Agreement, if required by the Group, Food Company Ltd agrees with the Company to supply or procure the other members of Food Company Ltd and its subsidiaries and associated companies (“the FC Group”) to supply rice to the Group. The Supply of rice is on normal commercial terms and in the ordinary and usual course of business of the Group, and is provided on arm’s length basis or on terms no less favorable to the Group than those offered by the FC Group to independent third parties, by reference to prevailing market prices and the terms offered to independent third parties by the FC Group.

Under Rule 14A.43(2) of the Listing Rules, a written approval has been provided by the shareholders of the Company, who together hold approximately 50.24% in the issued share capital of the Company, in lieu of holding a general meeting of the Company to approve the continuing connected transaction. Announcement and Circular were published by the Company on 21st December, 2010 and 17th January, 2011 respectively in this respect.

During the period commencing from the effective date of 24th December, 2010 to 31st March, 2011, there was no Supply of rice from the FC Group to the Group under the Framework Agreement.

CONNECTED TRANSACTIONS *(Continued)*

1. *(Continued)*

Pursuant to Rule 14A.38 of the Listing Rules, the directors engaged the auditors of the Company to perform certain work on continuing connected transactions of the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditors have provided a letter to the directors of the Company and confirmed that, for the year ended 31st March, 2011, the above continuing connected transactions:

- (a) had received the approval of the directors of the Company;
- (b) had been entered into in accordance with the terms of the relevant agreements governing such transactions; and
- (c) had not exceeded the relevant cap amounts for the financial year ended 31st March, 2011.

The independent non-executive directors of the Company have reviewed these transactions and confirmed that the continuing connected transactions have been entered into:

- (a) in the ordinary and usual course of business of the Group;
- (b) on normal commercial terms or, if there are not sufficient comparable transactions, on terms no less favorable to the Group than terms available to or from independent third parties; and
- (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

2. During the year, 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 year amounted to HK\$960,000.

Save as disclosed above, in the opinion of the Directors, there were no other transactions which need to be disclosed as connected transactions in accordance with the requirements of the Listing Rules.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2011, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that, the Company had been notified of the following substantial shareholders' interest, being 5% or more of the Company's issued share capital:

| Name of shareholder | Number of shares held <i>(Note 1)</i> | Approximate percentage of the issued share capital of the Company |
|--|--|---|
| Yuen Loong International Limited ("Yuen Loong") | 515,052,026 | 33.16% <i>(Note 2)</i> |
| Chelsey Developments Ltd. ("Chelsey") | 265,240,000 | 17.08% <i>(Note 2)</i> |

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, the Company had not been notified by any other person who had an interest in 5% or more of the issued share capital of the Company or short position in the shares or underlying shares of the Company as recorded in the register that required to be kept by the Company pursuant to Section 336 of the SFO as at 31st March, 2011.

CHARITABLE DONATIONS

During the year, the Group made charitable donations amounting to approximately HK\$19,000.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had cash balance of HK\$206 million and no outstanding bank loans except for convertible notes amounted to HK\$34 million as at 31st March, 2011.

With cash and other current assets of HK\$706 million as at 31st March, 2011 as well as available banking facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

NET ASSET VALUE

The net asset value of the Group as at 31st March, 2011 was HK\$0.69 per share based on 1,553,060,305 shares in issue as at that date.

EMPLOYEES AND REMUNERATION POLICY

The total number of employees for the Group is about 596.

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.

MAJOR CUSTOMERS AND SUPPLIERS

For the financial year ended 31st March, 2011, the five largest customers of the Group accounted for approximately 48% by value of the Group's turnover and the five largest suppliers accounted for approximately 74% by value of the Group's total purchases. Approximately 22% of the Group's turnover and approximately 31% of the Group's total purchases were attributable to the Group's largest customer and supplier respectively.

Cousins of the Company's Directors (Mr. Alvin Leslie LAM Kwing Wai, Madam Rosita YUEN LAM Kit Woo and Mr. Laurent LAM Kwing Chee) and uncles of the Company's Director (Mr. Anthony LAM Sai Ho) had beneficial interests in the Group's largest supplier. The Group held 40% beneficial interest in this largest supplier.

Save as disclosed above and as far as the Company's Directors are aware, none of the Directors of the Company or any of their other associates, or any shareholders (which, to the best knowledge of the Directors, owned more than 5% of the Company's issued share capital) had a beneficial interest in the Group's five largest customers and five largest suppliers.

PUBLIC FLOAT

As at the date of this report, based on the information publicly available to the Company and within the knowledge of the Directors of the Company, over 25% of the issued share capital of the Company was held by the public as required under the Listing Rules.

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 31st March, 2011 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 31st March, 2011:

| 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 | <i>a</i> |
| Fortune Leader Investment Limited | 28.00 | — | 24,920 | 2,520 | 24,920 | <i>b</i> |
| Fortune Leader Overseas Chinese (Daiyawan) Investment Company Limited | 22.40 | — | 33,254 | 33,254 | 33,254 | <i>c</i> |
| Fortune Leader Overseas Chinese (Daiyawan) Real Estate Development Company Limited | 22.40 | — | 11,971 | 2,631 | 11,971 | <i>d</i> |
| Aggregate of Dragon Fortune Ltd. and its subsidiaries | | 72,176 | 70,145 | 38,405 | 142,321 | <i>e</i> |

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

| Affiliated companies | Attributable interest held by the Group % | Non-interest bearing advances (A) HK\$'000 | Guarantees given (B) HK\$'000 | Extent of guaranteed facilities utilised HK\$'000 | Aggregate of advances and guarantees given (A + B) HK\$'000 | Notes |
|--|---|--|-------------------------------|---|---|-------|
| (ii) Sirinumma Company Limited | 40.00 | 2,276 | 16,212 | — | 18,488 | a, f |
| (iii) Golden World Enterprises (Wuhan) Limited | 25.50 | 1,282 | — | — | 1,282 | a |
| (iv) Supreme Development Company Limited | 41.16 | 924 | — | — | 924 | a |
| (v) Starland Century Limited | 37.50 | 89,854 | — | — | 89,854 | a |
| Total | | 166,512 | 86,357 | 38,405 | 252,869 | g |

The proforma combined statement of financial position of the above affiliated companies, as attributable to the Group, as at 31st March, 2011 is as follows:

| | HK\$'000 |
|---------------------------|-----------|
| Non-current assets | 161,256 |
| Current assets | 195,771 |
| Current liabilities | (56,971) |
| Net current assets | 138,800 |
| Non-current liabilities | (225,236) |
| Non-controlling interests | (18,700) |
| Shareholders' equity | 56,120 |

Details of the above affiliated companies are set out in note 16 to the financial statements.

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

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.

AUDITORS

A resolution will be submitted to the forthcoming Annual General Meeting to re-appoint HLM & Co. as auditors of the Company.

On behalf of the board

Alvin Leslie LAM Kwing Wai
Chairman

Hong Kong, 29th June, 2011

**TO THE MEMBERS OF
GOLDEN RESOURCES DEVELOPMENT INTERNATIONAL LIMITED**
金源米業國際有限公司
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Golden Resources Development International Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 33 to 98, which comprise the consolidated and Company statements of financial position as at 31st March, 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED
FINANCIAL STATEMENTS**

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

AUDITORS' RESPONSIBILITY *(Continued)*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st March, 2011 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLM & Co.

Certified Public Accountants

Hong Kong, 29th June, 2011

| | Notes | 2011 HK\$'000 | 2010 HK\$'000 |
|---|-------|--------------------|------------------|
| TURNOVER | 5 | 844,034 | 743,038 |
| Cost of sales | | (624,182) | (558,304) |
| GROSS PROFIT | | 219,852 | 184,734 |
| Net unrealized gain on financial assets at fair value through profit or loss | | 2,868 | 25,796 |
| Surplus on revaluation of investment properties | | 10,590 | 1,790 |
| Net other income | 7 | 24,206 | 22,556 |
| Selling and distribution costs | | (27,892) | (23,418) |
| Administrative expenses | | (116,842) | (103,657) |
| PROFIT FROM OPERATIONS | | 112,782 | 107,801 |
| Finance costs | | (923) | (1,670) |
| Share of results of associates | | 273 | 62,129 |
| Impairment loss on interests in associate | | (3,500) | — |
| Gain on disposal of an associate | | 54,313 | — |
| Write-back of impairment loss on interests in associate | | — | 17,904 |
| PROFIT BEFORE TAXATION | 8 | 162,945 | 186,164 |
| Taxation | 9 | (16,809) | (11,804) |
| PROFIT FOR THE YEAR | | 146,136 | 174,360 |
| Attributable to: | | | |
| Shareholders of the Company | | 146,665 | 174,553 |
| Non-controlling interests | | (529) | (193) |
| | | 146,136 | 174,360 |
| DIVIDENDS | 10 | 37,274 | 36,581 |
| EARNINGS PER SHARE | 11 | | |
| — Basic | | HK9.5 cents | HK11.9 cents |
| — Diluted | | HK8.7 cents | HK10.4 cents |

| | 2011 <i>HK\$'000</i> | 2010 <i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| PROFIT FOR THE YEAR | 146,136 | 174,360 |
| OTHER COMPREHENSIVE INCOME | | |
| Surplus on revaluation of available-for-sale investments | 293 | 356 |
| Investments revaluation reserve realized on disposal of available-for-sale investments | — | 1,022 |
| Exchange differences on translation of foreign operations | 3,783 | (358) |
| Share of other comprehensive income of associates | 7,925 | 3,924 |
| Surplus on revaluation of property | — | 5,128 |
| Exchange reserve and other reserves eliminated on disposal of an associate | 756 | — |
| Other comprehensive income for the year, net of tax | 12,757 | 10,072 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | 158,893 | 184,432 |
| Total comprehensive income attributable to: | | |
| Shareholders of the Company | 158,534 | 184,577 |
| Non-controlling interests | 359 | (145) |
| | 158,893 | 184,432 |

| | <i>Notes</i> | 2011 <i>HK\$'000</i> | 2010 <i>HK\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 12 | 84,907 | 85,597 |
| Investment properties | 13 | 64,457 | 39,340 |
| Intangible asset | 14 | 30,900 | — |
| Interests in associates | 16 | 238,687 | 279,045 |
| Available-for-sale investments | 17 | 45,554 | 41,390 |
| Prepaid lease payments | 18 | 18,690 | 19,023 |
| | | 483,195 | 464,395 |
| CURRENT ASSETS | | | |
| Inventories | 19 | 127,390 | 90,305 |
| Trade debtors | 20 | 90,342 | 80,417 |
| Other debtors, deposits and prepayments | | 52,659 | 30,640 |
| Financial assets at fair value through profit or loss | 21 | 229,411 | 169,990 |
| Cash and cash equivalents | | 206,370 | 245,787 |
| | | 706,172 | 617,139 |
| CURRENT LIABILITIES | | | |
| Trade creditors | 22 | 3,802 | 14,078 |
| Other creditors and accruals | | 20,226 | 16,145 |
| Tax liabilities | | 31,744 | 25,881 |
| | | 55,772 | 56,104 |
| NET CURRENT ASSETS | | 650,400 | 561,035 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 1,133,595 | 1,025,430 |
| NON-CURRENT LIABILITIES | | | |
| Deferred tax liabilities | 23 | 2,634 | 3,385 |
| Convertible notes | 24 | 34,237 | 38,924 |
| | | 36,871 | 42,309 |
| | | 1,096,724 | 983,121 |

| | <i>Notes</i> | 2011 HK\$'000 | 2010 HK\$'000 |
|-----------------------------|--------------|--------------------------------|------------------|
| CAPITAL AND RESERVES | | | |
| Share capital | 25 | 155,306 | 153,383 |
| Reserves | 27 | 928,007 | 817,569 |
| <hr/> | | | |
| Shareholders' equity | | 1,083,313 | 970,952 |
| Non-controlling interests | 28 | 13,411 | 12,169 |
| <hr/> | | | |
| | | 1,096,724 | 983,121 |
| <hr/> | | | |

The financial statements on pages 33 to 98 were approved and authorised for issue by the Board of Directors on 29th June, 2011 and are signed on its behalf by:

Alvin Leslie LAM Kwing Wai
Chairman

TSANG Siu Hung
Executive Director

| | Notes | 2011 HK\$'000 | 2010 HK\$'000 |
|---|-------|------------------|------------------|
| NON-CURRENT ASSET | | | |
| Interests in subsidiaries | 15 | 885,881 | 875,277 |
| CURRENT ASSETS | | | |
| Other debtors, deposits and prepayments | | 172 | 172 |
| Cash and cash equivalents | | 20 | 9 |
| | | 192 | 181 |
| TOTAL ASSETS | | 886,073 | 875,458 |
| NON-CURRENT LIABILITY | | | |
| Convertible notes | 24 | 34,237 | 38,924 |
| | | 851,836 | 836,534 |
| CAPITAL AND RESERVES | | | |
| Share capital | 25 | 155,306 | 153,383 |
| Reserves | 27 | 696,530 | 683,151 |
| | | 851,836 | 836,534 |

Alvin Leslie LAM Kwing Wai
Chairman

TSANG Siu Hung
Executive Director

For the year ended 31st March, 2011 - CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Shareholders' equity | | | | | | | | | | | | |
|--|----------------------------|----------------------------|---|---|--|---|-------------------------------|-----------------------------|-------------------------------|--------------------------------|---|--|--------------------|
| | 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 | Non-controlling interests HK\$ '000 | Total HK\$ '000 |
| At 31st March, 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 year | — | — | — | — | — | — | — | — | — | 174,553 | 174,553 | (193) | 174,360 |
| Other comprehensive income/(loss) for the year: | | | | | | | | | | | | | |
| Surplus on revaluation of available-for-sale investments | — | — | — | — | 356 | — | — | — | — | — | 356 | — | 356 |
| Realized on disposal of available-for-sale investments | — | — | — | — | 1,022 | — | — | — | — | — | 1,022 | — | 1,022 |
| Surplus on revaluation of property | — | — | — | — | — | 5,128 | — | — | — | — | 5,128 | — | 5,128 |
| Exchange adjustments | — | — | — | — | — | — | (406) | — | — | — | (406) | 48 | (358) |
| Share of reserve movements of associates | — | — | — | — | — | — | 3,240 | 684 | — | — | 3,924 | — | 3,924 |
| | — | — | — | — | 1,378 | 5,128 | 2,834 | 684 | — | — | 10,024 | 48 | 10,072 |
| Total comprehensive income/(loss) for the year | — | — | — | — | 1,378 | 5,128 | 2,834 | 684 | — | 174,553 | 184,577 | (145) | 184,432 |
| Share of other reserve movements of associates | — | — | — | — | — | — | — | 2,375 | — | — | 2,375 | — | 2,375 |
| Issue of ordinary shares pursuant to conversion of convertible notes | 12,692 | 20,308 | — | (983) | — | — | — | — | — | — | 32,017 | — | 32,017 |
| Prior year final dividend paid | — | — | — | — | — | — | — | — | (14,069) | (385) | (14,454) | — | (14,454) |
| Interim dividend paid | — | — | — | — | — | — | — | — | — | (18,175) | (18,175) | — | (18,175) |
| Final dividend proposed for the year ended 31st March, 2010 | — | — | — | — | — | — | — | — | 18,406 | (18,406) | — | — | — |
| At 31st March, 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 |

Shareholders' equity

| | 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 | Non-controlling interests HK\$'000 | Total HK\$'000 |
|--|---------------------------|---------------------------|--|--|---|--|------------------------------|----------------------------|------------------------------|-------------------------------|--|---------------------------------------|-------------------|
| At 31st March, 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 year | — | — | — | — | — | — | — | — | — | 146,665 | 146,665 | (529) | 146,136 |
| Other comprehensive income for the year: | | | | | | | | | | | | | |
| Surplus on revaluation of available-for-sale investments | — | — | — | — | 293 | — | — | — | — | — | 293 | — | 293 |
| Exchange adjustments | — | — | — | — | — | — | 2,895 | — | — | — | 2,895 | 888 | 3,783 |
| Share of reserve movements of associates | — | — | — | — | — | — | 7,434 | 491 | — | — | 7,925 | — | 7,925 |
| Eliminated on disposal of an associate | — | — | — | — | — | — | 352 | 404 | — | — | 756 | — | 756 |
| | — | — | — | — | 293 | — | 10,681 | 895 | — | — | 11,869 | 888 | 12,757 |
| Total comprehensive income for the year | — | — | — | — | 293 | — | 10,681 | 895 | — | 146,665 | 158,534 | 359 | 158,893 |
| Eliminated on disposal of an associate | — | — | — | — | — | — | — | (13,750) | — | — | (13,750) | — | (13,750) |
| Capital injection | — | — | — | — | — | — | — | — | — | — | — | 1,226 | 1,226 |
| Repayment of advances from non-controlling interests | — | — | — | — | — | — | — | — | — | — | — | (343) | (343) |
| 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) |
| Interim dividend paid | — | — | — | — | — | — | — | — | — | (18,637) | (18,637) | — | (18,637) |
| Final dividend proposed for the year ended 31st March, 2011 | — | — | — | — | — | — | — | — | 18,637 | (18,637) | — | — | — |
| At 31st March, 2011 | 155,306 | 428,125 | 515 | 1,037 | (1,064) | 5,128 | 56,186 | 471 | 18,637 | 418,972 | 1,083,313 | 13,411 | 1,096,724 |

Shareholders' equity of the Group represents share capital amounting to approximately HK\$155,306,000 (2010: HK\$153,383,000) and reserves amounting to approximately HK\$928,007,000 (2010: HK\$817,569,000).

Other reserves of the Group represent share of available-for-sale investment revaluation reserve of associates (2010: share of available-for-sale investment revaluation reserve and equity component of convertible bonds reserve of associates).

| | 2011 HK\$'000 | 2010 HK\$'000 |
|--|------------------|------------------|
| OPERATING ACTIVITIES | | |
| Profit before taxation | 162,945 | 186,164 |
| Adjustments for: | | |
| Interest income | (13,852) | (12,331) |
| Finance costs | 923 | 1,670 |
| Dividend income | (1,721) | (1,360) |
| Depreciation and amortisation of property, plant and equipment | 12,190 | 11,012 |
| Amortisation of prepaid lease payments | 523 | 520 |
| Amortisation of intangible asset | 700 | — |
| Net gain on disposal of property, plant and equipment | (74) | (364) |
| Share of results of associates | (273) | (62,129) |
| Surplus on revaluation of investment properties | (10,590) | (1,790) |
| Bad debts written off | 590 | 189 |
| Impairment loss on loan receivables | 300 | 3,355 |
| Impairment loss on interests in associate | 3,500 | — |
| Gain on disposal of an associate | (54,313) | — |
| Gain on bargain purchase of subsidiaries | (3,707) | — |
| Impairment loss on available-for-sale investments | — | 12,764 |
| Write-back of impairment loss on interests in associate | — | (17,904) |
| Net realized loss on disposal of available-for-sale investments | — | 799 |
| Operating cash flows before movements in working capital | 97,141 | 120,595 |
| Increase in financial assets at fair value through profit or loss | (59,318) | (79,275) |
| Increase in inventories | (35,308) | (6,198) |
| Increase in trade debtors | (9,575) | (11,530) |
| (Increase)/decrease in other debtors, deposits and prepayments | (16,922) | 4,984 |
| (Decrease)/increase in trade creditors | (11,357) | 11,796 |
| Increase/(decrease) in other creditors and accruals | 871 | (858) |
| Cash (used in)/generated from operations | (34,468) | 39,514 |
| Hong Kong Profits Tax paid | (12,850) | (17,641) |
| Hong Kong Profits Tax refunded | 1,391 | 1,590 |
| Income tax in other jurisdiction paid | (224) | (40) |
| Income tax in other jurisdiction refunded | — | 342 |
| NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES | (46,151) | 23,765 |

| | Note | 2011 HK\$'000 | 2010 HK\$'000 |
|--|------|------------------|------------------|
| INVESTING ACTIVITIES | | | |
| Interest received | | 12,872 | 10,991 |
| Dividend received | | 1,721 | 1,360 |
| Acquisition of subsidiaries | 34 | (32,508) | — |
| Investment in an associate | | (3,500) | — |
| Advances to associates | | (2,449) | (567) |
| Repayments from associates | | 2,884 | 34,281 |
| Purchases of available-for-sale investments | | (4,157) | (10,507) |
| Purchases of investment properties | | (14,527) | — |
| Purchases of property, plant and equipment | | (8,583) | (11,245) |
| Proceeds from disposal of property, plant and equipment | | 247 | 394 |
| Proceeds from disposal of an associate | | 88,400 | — |
| Proceeds from disposal of available-for-sale investments | | — | 1,956 |
| Decrease/(increase) in pledged cash balance | | 12,302 | (8,618) |
| NET CASH GENERATED FROM INVESTING ACTIVITIES | | 52,702 | 18,045 |
| FINANCING ACTIVITIES | | | |
| Dividends paid | | (37,274) | (32,629) |
| Interest paid | | (759) | (1,516) |
| Capital injection by non-controlling interest | | 1,226 | — |
| Repayment of advances from non-controlling interest | | (343) | — |
| NET CASH USED IN FINANCING ACTIVITIES | | (37,150) | (34,145) |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | | (30,599) | 7,665 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR | | 218,067 | 210,311 |
| EFFECT OF FOREIGN EXCHANGE RATE CHANGES | | 3,484 | 91 |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR | | 190,952 | 218,067 |
| ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS | | | |
| Time deposits, bank balances and cash | | 206,370 | 245,787 |
| Less: Pledged cash and cash equivalents | | (15,418) | (27,720) |
| | | 190,952 | 218,067 |

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of the annual report.

The consolidated financial statements are presented in Hong Kong dollars, which is considered as the functional currency of the Group.

The Company acts as an investment holding company and its subsidiaries are engaged in the business of sourcing, importing, wholesaling, processing, packaging, marketing and distribution of rice, securities investment, property investment, operation of convenience stores and restaurants and investment holding.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

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

| | |
|---------------------|---|
| HKFRS 1 (Amendment) | Additional Exemptions for First-time Adopters |
| HKFRS 2 (Amendment) | Group Cash-settled Share-based Payment Transactions |
| HKFRS 3 (Revised) | Business Combinations |
| HKAS 27 (Revised) | Consolidated and Separate Financial Statements |
| HKAS 32 (Amendment) | Classification of Rights Issues |
| HKAS 39 (Amendment) | Eligible Hedged Items |
| HKFRSs (Amendments) | Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008 |
| HKFRSs (Amendments) | Improvements to HKFRSs 2009 |
| HK(IFRIC)-Int 17 | Distributions of Non-cash Assets to Owners |
| HK-Int 5 | Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause |

The adoption of the new HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new HKFRSs will have no material impact on the results and the financial position of the Group.

| | |
|------------------------------|---|
| HKFRSs (Amendments) | Improvements to HKFRSs 2010 ¹ |
| HKFRS 1 (Amendment) | Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters ² |
| HKFRS 1 (Amendment) | Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters ³ |
| HKFRS 7 (Amendment) | Disclosures — Transfers of Financial Assets ³ |
| HKFRS 9 | Financial Instruments ⁴ |
| HKAS 12 (Amendment) | Deferred Tax: Recovery of Underlying Assets ⁵ |
| HKAS 24 (Revised) | Related Party Disclosures ⁶ |
| HK(IFRIC)-Int 14 (Amendment) | Prepayments of a Minimum Funding Requirement ⁶ |
| HK(IFRIC)-Int 19 | Extinguishing Financial Liabilities with Equity Instruments ² |

¹ Effective for annual periods beginning on or after 1st July, 2010 and 1st January, 2011, as appropriate

² Effective for annual periods beginning on or after 1st July, 2010

³ Effective for annual periods beginning on or after 1st July, 2011

⁴ Effective for annual periods beginning on or after 1st January, 2013

⁵ Effective for annual periods beginning on or after 1st January, 2012

⁶ Effective for annual periods beginning on or after 1st January, 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 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 explained in the accounting policies set out below.

The financial statements have been prepared in accordance with the new HKFRSs issued by the HKICPA. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st March each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intra-group transactions, balances, income and expenses have been eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Non-controlling interests in the net assets consist of the amount of those interests at the date of the original business combination and the non-controlling shareholders' share of changes in equity since the date of the combination. Investments in certain subsidiaries were in the form of equity and loans from the Group and other shareholders in accordance with respective percentages of equity shareholding in these subsidiaries. Investments in the form of loans were comparatively more significant than those in the form of equity, so that the entire amounts were treated as quasi-capital. Under these circumstances, the aggregate of non-controlling shareholders' equity and loan investments were taken into account in sharing the losses incurred by these subsidiaries.

Business Combinations

Goodwill

Goodwill arising on acquisition represents the excess of the cost of acquisition over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities recognised. Such goodwill is carried at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill arising from acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually or whenever there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the income statement. An impairment loss for goodwill is not reversed in subsequent years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Business Combinations *(Continued)*

Goodwill *(Continued)*

Capitalised goodwill arising on acquisition of subsidiary is presented separately in the statement of financial position. Capitalised goodwill arising on acquisition of associate, which is accounted for using the equity method, is included in the cost of the investment of the relevant associate.

On subsequent disposal of a subsidiary or an associate, the attributable amount of goodwill previously capitalised is included in the determination of the profit or loss on disposal.

Gain on bargain purchase arising on an acquisition of a subsidiary on or after 1st January, 2010 represents the excess of the net fair value of the identifiable assets acquired and the liabilities assumed over the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the previously held equity interest in the acquiree. Discount on acquisition or gain on bargain purchase arising on an acquisition of a subsidiary is recognised immediately in the consolidated income statement.

Revenue recognition

- (i) Sales of goods are recognised as revenue when goods are delivered and title has passed.
- (ii) Rental income under operating leases is recognised on a straight-line basis over the relevant lease terms.
- (iii) Revenue arising on the sale of financial instruments is recognised on a trade-date basis.
- (iv) Dividend income from investments is recognised when the Group's rights to receive payment have been established.
- (v) Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss.

Interests in associates

The results and assets and liabilities of associates are incorporated in the Group's financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal obligations or made payments on behalf of that associate.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as expenses in the year in which they are incurred.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and amortisation and accumulated impairment loss.

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payment cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payment can be made reliably, leasehold interest in land is treated as an operating lease and accounted for as prepaid lease payment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Property, plant and equipment *(Continued)*

Depreciation and amortisation are provided to write off the cost of items of property, plant and equipment, over their estimated useful lives, using the straight-line method, at the following rates per annum:

| | |
|---|--|
| Land and buildings | Over the shorter of the remaining land lease term and 4% |
| Factory premises in elsewhere in the People's Republic of China (the "PRC") | 2% — 5% |
| Furniture, fixtures and equipment | 5% — 33% |
| Plant and machinery | 5% — 33% |
| Motor vehicles | 12% — 33% |

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Prepaid lease payments

The up-front prepayments paid for the leasehold land are stated at cost and charged to the income statement on a straight-line basis over the lease term.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another accounting standard, in which case the impairment loss is treated as a revaluation decrease under that accounting standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another accounting standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that accounting standard.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Intangible asset (other than goodwill)

Intangible asset other than goodwill is measured initially at cost or, if acquired in a business combination, at fair value on acquisition date. An intangible asset with a finite useful life is amortised on a straight-line basis over its useful life, or its remaining useful life upon business combination, and is carried at cost less accumulated amortisation and accumulated impairment losses, if any.

An intangible asset with an indefinite useful life is tested for impairment at least annually or whenever there is an indication that it may be impaired and is carried at cost less accumulated impairment losses, if any.

The licence acquired upon business combination is amortised over its remaining useful life of 22 years and 7 months from the date of acquisition of subsidiaries.

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length. On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Unrealized gains or losses arising from changes in the fair value of investment property are included in profit or loss for the year in which they arise.

Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

The Group's financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale investments" and "loans and receivables". Financial assets at fair value through profit or loss includes investments held for trading purpose and investments designated as at fair value through profit or loss upon initial recognition. Available-for-sale investments are non-derivatives that are either designated as available-for-sale investments or not classified as any of the other categories under the financial assets classification. Loans and receivables are non-derivative financial assets with fixed or determinable payments. Financial assets at fair value through profit or loss and available-for-sale investments are carried at fair value, with changes in fair values recognised in the income statement and equity respectively. Loans and receivables are measured at amortised cost using the effective interest method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments *(Continued)*

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Impairment loss is recognised in the income statement. Impairment losses on available-for-sale equity investments are not reversed through the income statement in subsequent years. Impairment losses on available-for-sale debt investments are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss. Impairment losses on loans and receivables are subsequently reversed if an increase in the loans and receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the loans and receivables at the date the impairment is reversed does not exceed the amortised cost that would have been had the impairment not been recognised.

All regular way purchases or sales of financial assets are recognised or derecognised on a trade date basis and initially measured at fair value plus directly attributable transaction costs. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or when the financial assets have been transferred, and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the aggregate of the consideration received and gain or loss that had been recognised directly in equity is recognised in the income statement for the year.

Financial liabilities include trade and other loan payables and are subsequently measured at amortised cost, using the effective interest rate method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset/liability and of allocating interest income/expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset/liability, or, where appropriate, a shorter period. Income/expense is recognised on an effective interest basis for financial asset/liability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair values at the end of each reporting period. The resulting gain or loss is recognised in the income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the income statement depends on the nature of the hedge relationship.

Derivatives of the Group which do not qualify for hedge accounting are deemed as financial assets held for trading or financial liabilities held for trading. Changes in fair values of such derivatives are recognised directly in income statement.

Convertible notes

The component of convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position. On issuance of convertible notes, the fair value of the liability component is determined by using a market rate for an equivalent non-convertible note; and this amount is carried as a liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity heading convertible notes equity reserve. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are charged to income statement at the date of the note issued.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average cost method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity are recorded in its functional currency at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year. The corresponding exchange differences, if any, are recognised as a separate component of equity. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 Revenue.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Retirement benefits costs

Payments to defined contribution retirement benefit plans are charged as expenses as they fall due.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Operating leases

Rental expenses payable under operating leases are charged to the income statement on a straight-line basis over the relevant lease terms.

Cash and cash equivalents

Cash and cash equivalents as presented in the statement of financial position represent cash on hand, cash and time deposits with banks and other financial institutions, and short-term liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents which have short-term maturity of generally within three months upon acquisition, together with bank overdrafts and bank loans, if any, which are repayable on demand and form an integral part of the Group's cash management, are included as components of cash and cash equivalents as presented in the consolidated statement of cash flows.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the consolidated financial statements requires the Management to make significant estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses as well as the related disclosures. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Allowance for impairment of doubtful debts

The Group's provision policy for bad and doubtful debts is based on the evaluation of collectability and aging analysis of accounts and on Management's judgement. A considerable amount of judgement is required in assessing the ultimate realization of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required. As at 31st March, 2011, the carrying amount of trade debtors was approximately HK\$90,342,000 (2010: HK\$80,417,000) (net of allowance for impairment of doubtful debts of approximately HK\$1,712,000 (2010: HK\$1,902,000)).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Estimate of the useful lives of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Group reviews annually the useful lives of assets and their residual values, if any. The depreciation charges for future periods will be adjusted if there are significant changes from previous estimates.

Fair values of investment properties

At the end of the reporting period, the Group's investment properties were stated at fair value based on the valuation performed by independent chartered surveyors as disclosed in the note on investment properties. In determining the fair values, the surveyors have based on method of valuation which involves certain estimates. In relying on the valuation, Management has exercised their judgment and is satisfied that the method of valuation is reflective of the current market conditions.

Fair values of financial instruments

Financial instruments, including available-for-sale investments and financial assets at fair value through profit or loss, were stated at fair value at the end of the reporting period. Quoted market prices from active markets are considered to be the objective evidence for assessing the fair values. Under the circumstances where quoted market prices are not available for particular financial instruments, the Group assesses the fair values of these financial instruments with reference to the quoted values or recent transaction prices provided by counterparty financial institutions. The use of methodologies, models and assumptions in pricing and valuing these financial assets and liabilities is subjective and requires varying degrees of judgment by Management, which may result in significant deviation in fair values and results.

Estimated impairment on inventories

The Management of the Group reviews an aging analysis at the end of each reporting period, and identifies obsolete and slow-moving inventory items that are no longer suitable for use in production. The Management estimates the net realizable value for such inventories based primarily on the latest invoice prices and current market conditions. The Group carries out a review of the inventory on a product-by-product basis at the end of each reporting period and provides impairment on obsolete items, if any.

5. TURNOVER

Turnover represents the net amounts received and receivable for the year (less returns and allowances) for rice sold to outside customers, sales from operation of convenience stores and restaurants and rental income from investment properties, and is analysed as follows:

| | THE GROUP | |
|--|------------------|----------|
| | 2011 | 2010 |
| | HK\$'000 | HK\$'000 |
| Rice sales | 829,241 | 741,727 |
| Rental income from investment properties | 1,468 | 1,311 |
| Sales from operation of convenience stores and restaurants | 13,325 | — |
| | 844,034 | 743,038 |

6. SEGMENT INFORMATION

For management purposes, the Group is currently organised into four operating divisions, namely rice operation, securities investment, property investment and corporate and others. These divisions are the basis on which the Group reports its operating segment information.

Principal activities are as follows:

| | | |
|-----------------------|---|--|
| Rice operation | — | sourcing, importing, wholesaling, processing, packaging, marketing and distribution of rice |
| Securities investment | — | investments in equity and debt securities |
| Property investment | — | property investment and development |
| Corporate and others | — | operation of convenience stores and restaurants, corporate income and expenses and other investments |

6. SEGMENT INFORMATION (Continued)

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

Operating segments

Income statement for the year ended 31st March, 2011

| | Rice operation HK\$'000 | Securities investment HK\$'000 | Property investment HK\$'000 | Corporate and others HK\$'000 | Consolidated HK\$'000 |
|--|-------------------------------|--------------------------------------|------------------------------------|-------------------------------------|--------------------------|
| TURNOVER | | | | | |
| External sales | 829,241 | — | 1,468 | 13,325 | 844,034 |
| RESULT | | | | | |
| Segment results | 90,375 | 17,650 | 9,212 | (4,455) | 112,782 |
| Finance costs | | | | | (923) |
| Share of results of associates | (205) | — | 834 | (356) | 273 |
| Impairment loss on interests in associate | — | — | — | (3,500) | (3,500) |
| Gain on disposal of an associate | — | — | — | 54,313 | 54,313 |
| Profit before taxation | | | | | 162,945 |
| Taxation | | | | | (16,809) |
| Profit for the year | | | | | 146,136 |
| Attributable to: | | | | | |
| Shareholders of the Company | | | | | 146,665 |
| Non-controlling interests | | | | | (529) |
| | | | | | 146,136 |

6. SEGMENT INFORMATION *(Continued)*

Operating segments *(Continued)*

Segment assets and liabilities as at 31st March, 2011

| | 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> |
|-----------------------------------|--------------------------------------|---|---|--|---------------------------------|
| ASSETS | | | | | |
| Segment assets | 272,337 | 241,783 | 143,932 | 292,628 | 950,680 |
| Interests in associates | 3,372 | — | 89,591 | 145,724 | 238,687 |
| Consolidated total assets | | | | | <u>1,189,367</u> |
| LIABILITIES | | | | | |
| Segment liabilities | 18,437 | — | 525 | 39,303 | 58,265 |
| Unallocated corporate liabilities | | | | | <u>34,378</u> |
| Consolidated total liabilities | | | | | <u>92,643</u> |

Other information for the year ended 31st March, 2011

| | 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> |
|--|--------------------------------------|---|---|--|---------------------------------|
| Additions to property, plant and equipment | 1,914 | — | — | 6,669 | 8,583 |
| Depreciation and amortisation of property, plant and equipment | 8,544 | — | 2,470 | 1,176 | 12,190 |
| Amortisation of prepaid lease payments | 518 | — | 5 | — | 523 |
| Amortisation of intangible asset | — | — | — | 700 | 700 |
| Surplus on revaluation of investment properties | — | — | 10,590 | — | 10,590 |
| Net unrealized gain on financial assets at fair value through profit or loss | — | 2,868 | — | — | 2,868 |
| Bad debts written off | 590 | — | — | — | 590 |

6. SEGMENT INFORMATION (Continued)

Operating segments (Continued)

Income statement for the year ended 31st March, 2010

| | Rice operation HK\$'000 | Securities investment HK\$'000 | Property investment HK\$'000 | Corporate and others HK\$'000 | Consolidated HK\$'000 |
|---|-------------------------------|--------------------------------------|------------------------------------|-------------------------------------|--------------------------|
| TURNOVER | | | | | |
| External sales | 741,727 | — | 1,311 | — | 743,038 |
| RESULT | | | | | |
| Segment results | 64,859 | 57,044 | (679) | (13,423) | 107,801 |
| Finance costs | | | | | (1,670) |
| Share of results of associates | — | — | 78,998 | (16,869) | 62,129 |
| Write-back of impairment loss on interests in associate | 17,904 | — | — | — | 17,904 |
| Profit before taxation | | | | | 186,164 |
| Taxation | | | | | (11,804) |
| Profit for the year | | | | | 174,360 |
| Attributable to: | | | | | |
| Shareholders of the Company | | | | | 174,553 |
| Non-controlling interests | | | | | (193) |
| | | | | | 174,360 |

6. SEGMENT INFORMATION *(Continued)*

Operating segments *(Continued)*

Segment assets and liabilities as at 31st March, 2010

| | 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> |
|-----------------------------------|--------------------------------------|---|---|--|---------------------------------|
| ASSETS | | | | | |
| Segment assets | 229,556 | 176,751 | 121,351 | 274,831 | 802,489 |
| Interests in associates | 1,224 | — | 86,344 | 191,477 | 279,045 |
| 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> |

Other information for the year ended 31st March, 2010

| | 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> |
|--|--------------------------------------|---|---|--|---------------------------------|
| Additions to property, plant and equipment | 10,558 | — | 687 | — | 11,245 |
| Depreciation and amortisation of property, plant and equipment | 8,008 | — | 3,004 | — | 11,012 |
| Amortisation of prepaid lease payments | 514 | — | 6 | — | 520 |
| Surplus on revaluation of investment properties | — | — | 1,790 | — | 1,790 |
| Net unrealized gain on financial assets at fair value through profit or loss | — | 25,796 | — | — | 25,796 |
| Bad debts written off | 189 | — | — | — | 189 |

6. SEGMENT INFORMATION *(Continued)*

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 | |
|----------------------|---|----------|
| | 2011 | 2010 |
| | HK\$'000 | HK\$'000 |
| Hong Kong | 699,875 | 625,941 |
| Elsewhere in the PRC | 118,742 | 97,773 |
| Others | 25,417 | 19,324 |
| | 844,034 | 743,038 |

The following is an analysis of the carrying amounts of and additions to non-current assets other than financial instruments, analysed by the geographical areas in which the assets are located:

| | Carrying amounts of non-current assets other than financial instruments | | Additions to non-current assets other than financial instruments | |
|----------------------|--|----------|---|----------|
| | 2011 | 2010 | 2011 | 2010 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Hong Kong | 181,098 | 204,453 | 21,330 | 11,123 |
| Elsewhere in the PRC | 116,558 | 119,157 | 3,664 | 122 |
| Others | 139,985 | 99,395 | 36,162 | — |
| | 437,641 | 423,005 | 61,156 | 11,245 |

7. NET OTHER INCOME

| | THE GROUP | |
|---|--------------------------------|-------------------------|
| | 2011 <i>HK\$'000</i> | 2010 <i>HK\$'000</i> |
| Interest income on: | | |
| — Financial assets at fair value through profit or loss | 10,416 | 7,948 |
| — Financial assets not designated as at fair value through profit or loss | 3,436 | 4,383 |
| | 13,852 | 12,331 |
| Dividend from: | | |
| — Listed available-for-sale investments | 24 | 16 |
| — Unlisted available-for-sale investments | — | 159 |
| — Listed financial assets at fair value through profit or loss | 1,697 | 1,185 |
| | 1,721 | 1,360 |
| Net realized gain/(loss) on disposals of financial assets: | | |
| — Available-for-sale investments | — | (799) |
| — Financial assets at fair value through profit or loss | 446 | 21,505 |
| | 446 | 20,706 |
| Impairment loss on loan receivables | (300) | (3,355) |
| Net gain on disposal of property, plant and equipment | 74 | 364 |
| Net foreign exchange gain | 2,475 | 2,428 |
| Gain on bargain purchase of subsidiaries | 3,707 | — |
| Sundry income | 2,231 | 1,486 |
| Impairment loss on available-for-sale investments | — | (12,764) |
| | 24,206 | 22,556 |

8. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

| | THE GROUP | |
|--|--------------------------------|-------------------------|
| | 2011 <i>HK\$'000</i> | 2010 <i>HK\$'000</i> |
| Auditors' remuneration | | |
| Current year | 410 | 392 |
| Underprovision in prior years | — | 2 |
| | 410 | 394 |
| Depreciation and amortisation of property, plant and equipment | 12,190 | 11,012 |
| Amortisation of prepaid lease payments | 523 | 520 |
| Amortisation of intangible asset | 700 | — |
| Operating lease rentals in respect of rented premises | 4,651 | 1,858 |
| Bad debts written off | 590 | 189 |
| Cost of inventories recognised as expense | 579,662 | 519,366 |
| Staff costs, including Directors' emoluments (<i>note 30</i>) and retirement benefits schemes contributions (<i>note 33</i>) | 76,676 | 70,600 |
| Interests on other loans | 15 | 335 |
| Effective interest on convertible notes | 908 | 1,335 |
| | 923 | 1,670 |
| Rental income from investment properties, net of outgoings of HK\$71,000 (2010: HK\$60,000) | (1,397) | (1,251) |
| Net gain on disposal of property, plant and equipment | (74) | (364) |

9. TAXATION

| | THE GROUP | |
|---|--------------------------------|-------------------------|
| | 2011 <i>HK\$'000</i> | 2010 <i>HK\$'000</i> |
| Current tax: | | |
| Hong Kong | 17,328 | 10,613 |
| Other regions in the PRC | 232 | 39 |
| | 17,560 | 10,652 |
| Underprovision in prior years: | | |
| Hong Kong | — | 189 |
| Deferred tax (<i>note 23</i>): | | |
| Current year's (credit)/charge | (751) | 963 |
| Taxation attributable to the Company and its subsidiaries | 16,809 | 11,804 |

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The tax charge for the year can be reconciled to the profit per the consolidated income statement as follows:

| | 2011 <i>HK\$'000</i> | 2010 <i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Profit before taxation | 162,945 | 186,164 |
| Tax at the domestic income tax rate of 16.5% (<i>Note</i>) | 26,886 | 30,717 |
| Tax effect of expenses not deductible for tax purpose | 3,267 | 5,077 |
| Tax effect of income not taxable for tax purpose | (12,110) | (5,052) |
| Underprovision in respect of prior years | — | 189 |
| Tax effect of tax losses/deferred tax assets not recognised | 1,946 | 261 |
| Tax effect of utilisation of tax losses/deferred tax assets not previously recognised | (2,733) | (9,082) |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | (369) | (25) |
| Tax effect of share of results of associates | (45) | (10,251) |
| Others | (33) | (30) |
| Taxation for the year | 16,809 | 11,804 |

Note:

The domestic tax rate in the jurisdiction where the operation of the Group is substantially based is used.

10. DIVIDENDS

(a) Dividends attributable to the year:

| | 2011 <i>HK\$'000</i> | 2010 <i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Interim dividend paid of 1.2 cents per share on 1,553,060,305 shares (2010: 1.2 cents per share on 1,514,598,767 shares) | 18,637 | 18,175 |
| Final dividend proposed of 1.2 cents per share on 1,553,060,305 shares (2010: 1.2 cents per share on 1,533,829,536 shares) | 18,637 | 18,406 |
| | 37,274 | 36,581 |

The final dividend of 1.2 cents per share for the year ended 31st March, 2011 has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming Annual General Meeting. This final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(b) Dividends approved and paid during the year:

| | 2011 <i>HK\$'000</i> | 2010 <i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Final dividend in respect of the previous financial year of 1.2 cents per share on 1,553,060,305 shares (2010: 1 cent per share on 1,445,367,998 shares): | | |
| Approved and paid during the year | 18,406 | 14,069 |
| Additional final dividend payment for ordinary shares issued during the year | 231 | 385 |
| Interim dividend in respect of the current financial year, approved and paid during the year, of 1.2 cents per share on 1,553,060,305 shares (2010: 1.2 cents per share on 1,514,598,767 shares) | 18,637 | 18,175 |
| | 37,274 | 32,629 |

11. 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:

| | 2011 | 2010 |
|---|----------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Earnings for the purpose of basic earnings per share: | | |
| Profit for the year attributable to shareholders of the Company | 146,665 | 174,553 |
| Effect of dilutive potential ordinary shares: | | |
| Effective interest on convertible notes | 908 | 1,335 |
| <hr/> | | |
| Earnings for the purpose of diluted earnings per share | 147,573 | 175,888 |
| | 2011 | 2010 |
| Number of shares: | | |
| Weighted average number of shares for the purpose of basic earnings per share | 1,545,842,181 | 1,467,053,983 |
| Effect of dilutive potential ordinary shares: | | |
| Convertible notes issued by the Company | 141,064,278 | 219,852,477 |
| <hr/> | | |
| Weighted average number of shares for the purpose of diluted earnings per share | 1,686,906,459 | 1,686,906,460 |

12. PROPERTY, PLANT AND EQUIPMENT

For the year ended 31st March, 2011

| | Land and buildings HK\$'000 | Factory premises in elsewhere in the PRC HK\$'000 | Furniture, fixtures and equipment HK\$'000 | Plant and machinery HK\$'000 | Motor vehicles HK\$'000 | Total HK\$'000 |
|--|-----------------------------------|---|--|------------------------------------|-------------------------------|-------------------|
| THE GROUP | | | | | | |
| COST | | | | | | |
| At 1st April, 2010 | 107,211 | 14,778 | 36,109 | 104,787 | 9,977 | 272,862 |
| Additions | — | — | 7,137 | 937 | 509 | 8,583 |
| Acquisition of subsidiaries | — | — | 4,243 | — | — | 4,243 |
| Disposals/written off | — | — | (322) | (225) | (495) | (1,042) |
| Exchange rate adjustments | — | 667 | (2) | 994 | 126 | 1,785 |
| At 31st March, 2011 | 107,211 | 15,445 | 47,165 | 106,493 | 10,117 | 286,431 |
| DEPRECIATION, AMORTISATION AND IMPAIRMENT | | | | | | |
| At 1st April, 2010 | 44,495 | 12,644 | 32,943 | 90,354 | 6,829 | 187,265 |
| Provided for the year | 3,253 | 963 | 2,652 | 3,789 | 1,533 | 12,190 |
| Acquisition of subsidiaries | — | — | 1,297 | — | — | 1,297 |
| Eliminated on disposals/ written off | — | — | (301) | (217) | (351) | (869) |
| Exchange rate adjustments | — | 590 | 82 | 851 | 118 | 1,641 |
| At 31st March, 2011 | 47,748 | 14,197 | 36,673 | 94,777 | 8,129 | 201,524 |
| NET BOOK VALUES | | | | | | |
| At 31st March, 2011 | 59,463 | 1,248 | 10,492 | 11,716 | 1,988 | 84,907 |

12. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

For the year ended 31st March, 2010

| | Land and buildings <i>HK\$'000</i> | Factory premises in elsewhere in the PRC <i>HK\$'000</i> | Furniture, fixtures and equipment <i>HK\$'000</i> | Plant and machinery <i>HK\$'000</i> | Motor vehicles <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|---|--|--|---|---|--------------------------------------|--------------------------|
| THE GROUP COST | | | | | | |
| At 1st April, 2009 | 116,904 | 14,682 | 35,054 | 102,726 | 9,854 | 279,220 |
| Additions | — | 63 | 1,121 | 8,366 | 1,695 | 11,245 |
| Disposals/written off | — | — | (78) | (6,355) | (1,579) | (8,012) |
| Surplus on revaluation upon transfer to investment properties | 5,128 | — | — | — | — | 5,128 |
| Transfer to investment properties | (14,821) | — | — | — | — | (14,821) |
| Exchange rate adjustments | — | 33 | 12 | 50 | 7 | 102 |
| At 31st March, 2010 | 107,211 | 14,778 | 36,109 | 104,787 | 9,977 | 272,862 |
| DEPRECIATION, AMORTISATION AND IMPAIRMENT | | | | | | |
| At 1st April, 2009 | 41,822 | 11,671 | 31,146 | 93,469 | 6,863 | 184,971 |
| Provided for the year | 3,494 | 946 | 1,865 | 3,168 | 1,539 | 11,012 |
| Eliminated on disposals/ written off | — | — | (78) | (6,325) | (1,579) | (7,982) |
| Transfer to investment properties | (821) | — | — | — | — | (821) |
| Exchange rate adjustments | — | 27 | 10 | 42 | 6 | 85 |
| At 31st March, 2010 | 44,495 | 12,644 | 32,943 | 90,354 | 6,829 | 187,265 |
| NET BOOK VALUES | | | | | | |
| At 31st March, 2010 | 62,716 | 2,134 | 3,166 | 14,433 | 3,148 | 85,597 |

12. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The net book values of properties shown above comprises:

| | 2011 | 2010 |
|---|-----------------|----------|
| | HK\$'000 | HK\$'000 |
| Land and buildings situated in Hong Kong: | | |
| Held under long lease | 36,987 | 37,936 |
| Held under medium-term lease | 5,061 | 5,277 |
| Freehold land and building situated outside Hong Kong | | |
| Building situated in Hong Kong | 10,449 | 12,274 |
| Building situated outside Hong Kong | 3,491 | 3,669 |
| Factory premises situated outside Hong Kong: | | |
| Held under medium-term lease | 1,249 | 2,134 |
| | 60,711 | 64,850 |

13. INVESTMENT PROPERTIES

| | THE GROUP | |
|---|------------------|----------|
| | 2011 | 2010 |
| | HK\$'000 | HK\$'000 |
| Balance at beginning of the year | 39,340 | 23,550 |
| Addition | 14,527 | — |
| Transfer from property, plant and equipment | — | 14,000 |
| Surplus on revaluation | 10,590 | 1,790 |
| Balance at end of the year | 64,457 | 39,340 |

The investment properties were revalued at 31st March, 2011 on an open market value basis by Dudley Surveyors Limited, independent Chartered Surveyors. The revaluation surplus of HK\$10,590,000 (2010: HK\$1,790,000) has been credited to the consolidated income statement.

Dudley Surveyors Limited is a member of The Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Group's investment properties are held for renting out under operating leases.

13. INVESTMENT PROPERTIES (Continued)

The analysis of the Group's investment properties is as follows:

| | 2011 <i>HK\$'000</i> | 2010 <i>HK\$'000</i> |
|------------------------------|--------------------------------|-------------------------|
| Situated in Hong Kong: | | |
| Held under long lease | 60,007 | 35,790 |
| Situated outside Hong Kong: | | |
| Held under medium-term lease | 4,450 | 3,550 |
| | 64,457 | 39,340 |

14. INTANGIBLE ASSET

| | THE GROUP Licence <i>HK\$'000</i> |
|-----------------------------|---|
| COST | |
| At 1st April, 2010 | — |
| Acquisition of subsidiaries | 31,600 |
| At 31st March, 2011 | 31,600 |
| AMORTISATION | |
| At 1st April, 2010 | — |
| Charge for the year | 700 |
| At 31st March, 2011 | 700 |
| NET BOOK VALUE | |
| At 31st March, 2011 | 30,900 |
| At 31st March, 2010 | — |

The licence represents the exclusive right granted to a wholly-owned subsidiary of the Company to own and operate Circle K Stores located in The Socialist Republic of Vietnam ("Vietnam") and is measured initially at fair value upon acquisition of subsidiaries. The fair value of the licence has been arrived at on the basis of a valuation carried out at 12th October, 2010 by BMI Appraisals Limited, an independent qualified professional valuer. The valuation was arrived from Excess Earnings Method. It is predicated on the basis that the value of an intangible asset is the present value of the earnings it generates, net of a reasonable return on other assets which also contribute to that stream of earnings.

15. INTERESTS IN SUBSIDIARIES

| | THE COMPANY | |
|--------------------------|--------------------|----------|
| | 2011 | 2010 |
| | HK\$'000 | HK\$'000 |
| Unlisted shares, at cost | 280,229 | 280,229 |
| Advances to subsidiaries | 605,652 | 595,048 |
| | 885,881 | 875,277 |

In the opinion of the Directors, advances to subsidiaries are not repayable in the coming twelve months.

The Directors consider that the carrying amounts of advances to subsidiaries approximate their fair values.

Particulars of the Company's principal subsidiaries as at 31st March, 2011 are as follows:

| Name of subsidiary | Place of incorporation/ operation | Issued and fully paid up share capital | Proportion of nominal value of issued share capital held by the Group | | Principal activities |
|--------------------------------------|--|--|--|------|----------------------|
| | | | 2011 | 2010 | |
| Aland Limited | Hong Kong/PRC | 2 ordinary shares of HK\$1 each | 100% | 100% | Property investment |
| Beef Bowl Limited | Hong Kong | 20,000 ordinary shares of HK\$10 each | 100% | 100% | Investment holding |
| Better Choice Investments Limited | British Virgin Islands | 1 ordinary share of US\$1 | 100% | 100% | Investment holding |
| Better Star Limited | British Virgin Islands/Hong Kong | 1 ordinary share of US\$1 | 100% | 100% | Property investment |
| Billion Trade Development Limited | Hong Kong | 1 ordinary share of HK\$1 | 100% | 100% | Investment |
| City Court Properties Limited | British Virgin Islands/Hong Kong | 21 ordinary shares of US\$1 each | 100% | 100% | Investment holding |

15. INTERESTS IN SUBSIDIARIES (Continued)

| Name of subsidiary | Place of incorporation/ operation | Issued and fully paid up share capital | Proportion of nominal value of issued share capital held by the Group | | Principal activities |
|--|--------------------------------------|---|--|------|---|
| | | | 2011 | 2010 | |
| Citydragon Resources Limited | British Virgin Islands | 1 ordinary share of US\$1 | 100% | 100% | Investment holding |
| Cost Logistics Limited | British Virgin Islands | 1 ordinary share of US\$1 | 100% | 100% | Investment holding |
| Gold Throne International Limited | British Virgin Islands | 1 ordinary share of US\$1 | 100% | 100% | Investment holding |
| Golden Fidelity Holdings Limited | Hong Kong | 2 ordinary shares of HK\$1 each | 100% | 100% | Property holding |
| Golden Resources China (Group) Limited | Samoa | 1 ordinary share of US\$1 | 100% | 100% | Investment holding and property holding |
| Golden Resources Development Limited | Hong Kong | 2,000,000 non-voting deferred shares* of HK\$1 each and 2 ordinary shares of HK\$1 each | 100% | 100% | Overseas sourcing, processing, packaging, marketing, sales and distribution of rice |
| Golden Resources Holdings Limited | British Virgin Islands | 21,268 ordinary shares of US\$1 each | 100% | 100% | Investment holding |
| Golden Resources Rice Industries Limited | British Virgin Islands | 1,000 ordinary shares of US\$1 each | 100% | 100% | Investment holding |
| Golden Resources Warehouse Limited | Hong Kong | 1,000 ordinary shares of HK\$10 each | 100% | 100% | Warehouse operation |
| Goldsom Development Limited | Hong Kong | 100 ordinary shares of HK\$1 each | 100% | 100% | Investment holding |

15. INTERESTS IN SUBSIDIARIES (Continued)

| Name of subsidiary | Place of incorporation/ operation | Issued and fully paid up share capital | Proportion of nominal value of issued share capital held by the Group | | Principal activities |
|--|--------------------------------------|--|---|------|--|
| | | | 2011 | 2010 | |
| GR Environmental Development Company Limited | Hong Kong | 3 ordinary shares of HK\$1 each | 100% | 100% | Provision of logistics services |
| GR Vietnam International Limited | British Virgin Islands/Hong Kong | 1 ordinary share of US\$1 | 100% | — | Investment holding |
| GR Vietnam Retails Limited | British Virgin Islands | 1 ordinary share of US\$1 | 100% | — | Investment holding |
| GR Vietnam Retails Limited | Hong Kong | 1 ordinary share of HK\$1 | 100% | — | Investment holding |
| Great Lead International Limited | British Virgin Islands | 1 ordinary share of US\$1 | 100% | 100% | Investment holding |
| Great Lead Vietnam Company Limited | Vietnam | Charter Capital US\$7,300,000 Paid up Capital US\$385,938 | 100% | 100% | Construction of water distribution network |
| Guangzhou Golden Resources Trading Development Co., Ltd. | PRC | #RMB2,500,000 | 100% | 100% | Marketing, sales and distribution of rice |
| Lee Loy Company Limited | Hong Kong | 160 ordinary shares of HK\$100 each | 100% | 100% | Property holding |
| Master Tone Limited | Hong Kong | 2 ordinary shares of HK\$1 each | 100% | 100% | Money lending |
| Paklink International Limited | British Virgin Islands | 1 ordinary share of US\$1 | 100% | 100% | Investment holding |
| Polygrand Enterprises Limited | Hong Kong | 1 ordinary share of HK\$1 | 100% | — | Operation of restaurant |

15. INTERESTS IN SUBSIDIARIES (Continued)

| Name of subsidiary | Place of incorporation/ operation | Issued and fully paid up share capital | Proportion of nominal value of issued share capital held by the Group | | Principal activities |
|---|--------------------------------------|--|--|------|--|
| | | | 2011 | 2010 | |
| Red Circle Company Limited [@] | Vietnam | #VND500,000,000 | 100% | — | Operation of convenience stores |
| Reo Developments Limited ^{@@} | British Virgin Islands/Hong Kong | 21,451 ordinary shares of US\$1 each | 100% | 100% | Investment holding |
| Rise Jade Assets Management Limited | British Virgin Islands | 1 ordinary share of US\$1 | 100% | 100% | Investment holding |
| Shantou SEZ Golden Resources Grain Co., Ltd. | PRC | #RMB10,300,000 | 100% | 100% | Processing, packaging, marketing, sales and distribution of rice |
| Shantou SEZ Golden Resources Rice Co., Ltd. ^{##} | PRC | #US\$4,579,314 | 65% | 65% | Processing, packaging, marketing, sales and distribution of rice |
| Sun Kai Yip (Shanghai) Industrial Investment Co., Ltd. | PRC | #US\$10,000,000 | 100% | 100% | Investment and investment holding |
| Tresplain Investments Limited | British Virgin Islands/Hong Kong | 2 ordinary shares of US\$1 each | 100% | 100% | Trade marks holding |
| Unique Gear Limited | Hong Kong | 1 ordinary share of HK\$1 | 100% | 100% | Operation of restaurant |
| Yuen Loong & Company Limited | Hong Kong | 50,000 non-voting deferred shares* of HK\$100 each and 2 ordinary shares of HK\$100 each | 100% | 100% | Importing and re-exporting of rice (Registered rice stockholder) |

15. INTERESTS IN SUBSIDIARIES *(Continued)*

* The deferred shares, which are not held by the Group, practically carry no rights to dividends or to receive notice of or to attend or vote at any general meeting of the subsidiary or to participate in any distribution on winding-up. The Group has been granted an option by the holders of the deferred shares to acquire these shares at a nominal amount.

Paid-up registered capital

@ Red Circle Company Limited (“Red Circle”) is a limited liability company established in Vietnam. Subsequent to the completion of the acquisition of interest in GR Vietnam International Limited (“GRV International”) on 12th October, 2010, GRV International has become a wholly-owned subsidiary of the Group.

On 10th November, 2008, GRV International entered into capital financing agreements (“Capital Financing Agreements”) with Mr. Nguyen Duy Ngoc and Mr. Le Thanh Hung (collectively referred to as the “Vietnam Representatives”), pursuant to which, GRV International agreed to grant a loan (the “Loan”) to the Vietnam Representatives for their capital contribution in Red Circle, representing a 100% equity interest in Red Circle.

In November 2009, GRV International and the Vietnam Representatives entered into the capital transfer agreements (“Capital Transfer Agreements”) with Mr. Truong Vu Quoc Minh and Mr. Nguyen Quoc Thang (collectively referred to as the “New Vietnam Representatives”). Pursuant to the Capital Transfer Agreements, the New Vietnam Representatives replaced Mr. Le Thanh Hung and Mr. Nguyen Duy Ngoc as a party to the Capital Financing Agreement as from 11th November, 2009 and 19th November, 2009 respectively.

In connection with the Capital Financing Agreements, GRV International also entered into certain agreements with the Vietnam Representatives and, subsequently, the New Vietnam Representatives, whereby GRV International has the power to control Red Circle by way of controlling more than half of the voting rights and governing its financial and operating policies, and GRV International is entitled to exercise an option to convert the Loan into 100% equity interest in Red Circle. In view of the above, Red Circle was accounted for as a subsidiary of GRV International and its result of operation and financial position were consolidated into the Group’s financial statements.

@@ Other than Reo Developments Limited which is directly held by the Company, all other subsidiaries are indirectly held by the Company.

Shantou SEZ Golden Resources Rice Co., Ltd. is a Sino-foreign joint venture.

The Directors are of the opinion that a complete list of the particulars of all subsidiaries will be of excessive length and therefore the above list only contains the particulars of those subsidiaries which principally affect the results or assets and liabilities of the Group.

None of the subsidiaries had issued any debt securities at the end of the year.

16. INTERESTS IN ASSOCIATES

| | THE GROUP | |
|--|------------------|-----------------|
| | 2011 | 2010 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Listed and unlisted investments: | | |
| Share of net assets | 58,959 | 92,401 |
| Goodwill on acquisition | 14,498 | 20,979 |
| | 73,457 | 113,380 |
| Advances to associates | 165,230 | 165,665 |
| | 238,687 | 279,045 |
| Share of net assets of an associate listed in Hong Kong | — | 40,600 |
| Market value of shares held in an associate listed in Hong Kong | — | 105,400 |

Notes:

- (a) The balances of advances to associates were unsecured, interest-free and will not be repayable in the coming twelve months. The Directors consider that the carrying amounts of advances to associates approximate their fair values.
- (b) Investments in certain associates were in the form of equity and loans from the Group and other shareholders in accordance with respective percentages of equity shareholding in these associates. Investments in the form of loans were comparatively more significant than those in the form of equity, so that the entire amounts were treated as quasi-capital. Under these circumstances, losses incurred by these associates were shared by the Group to the extent that the losses did not exceed the aggregate of their equity and loan investments. The relevant amounts of share of losses of associates included in the advances to associates are approximately HK\$1,282,000 (2010: HK\$2,229,000).
- (c) The Directors consider that the recoverable amounts of interests in associates approximate their carrying amounts as at 31st March, 2011.
- (d) The goodwill tested for impairment is allocated to the Group of cash generating unit ("CGU") that constitutes Starland Century Limited and Dragon Fortune Ltd. Impairment of the goodwill is tested using a value-in-use method. The key assumption used in testing the goodwill for impairment is that, on a disposal, a portfolio premium would be achieved over the aggregate of the individual fair values. The value calculated by using the discount rate is higher than the carrying amount of the CGU, accordingly, the Management of the Group determined that there was no impairment of its goodwill at 31st March, 2011.

16. INTERESTS IN ASSOCIATES (Continued)

The movement in the goodwill of associates during the year is set out below:

| | THE GROUP | |
|----------------------------------|--------------------------------|-------------------------|
| | 2011 <i>HK\$'000</i> | 2010 <i>HK\$'000</i> |
| Balance at beginning of the year | 20,979 | 22,211 |
| Derecognised during the year | (6,481) | (1,232) |
| Balance at end of the year | 14,498 | 20,979 |

The Directors consider that the carrying amounts of goodwill of associates approximate their fair values.

Particulars of the Group's principal associates as at 31st March, 2011 are as follows:

| Name of associate | Form of business structure | Place of incorporation/ operation | Issued and fully paid up share capital | Proportion of nominal value of issued share capital held by the Group | | Principal activities |
|--------------------------------------|----------------------------|-----------------------------------|---|---|--------|--|
| | | | | 2011 | 2010 | |
| Dragon Fortune Ltd. | Incorporated | British Virgin Islands | 57,895 ordinary shares of US\$1 each | 28.00% | 28.00% | Investment holding |
| GR Engineering Limited | Incorporated | British Virgin Islands | 10,000 ordinary shares of US\$1 each | 40.00% | 40.00% | Investment holding |
| Sirinumma Company Limited | Incorporated | Thailand | 4,600,000 ordinary shares of Baht 10 each | 40.00% | 40.00% | Sourcing of rice |
| Starland Century Limited | Incorporated | Hong Kong | 1,000 ordinary shares of HK\$1 each | 37.50% | 37.50% | Investment holding |
| Supreme Development Company Limited* | Incorporated | Hong Kong/ Hong Kong and PRC | 15,001,500 ordinary shares of HK\$1 each | 41.16% | 41.16% | Manufacturing and sale of plastic bags |

16. INTERESTS IN ASSOCIATES (Continued)

| Name of associate | Form of business structure | Place of incorporation/ operation | Issued and fully paid up share capital | Proportion of nominal value of issued share capital held by the Group | | Principal activities |
|-------------------------------|----------------------------|--------------------------------------|--|---|--------|----------------------------------|
| | | | | 2011 | 2010 | |
| Wealthway Resources Sdn. Bhd. | Incorporated | Malaysia | 2 ordinary shares of RM1 each | 37.50% | 37.50% | Property development and holding |
| Wellight Development Limited | Incorporated | Hong Kong | 1,000 ordinary shares of HK\$1 each | 37.50% | 37.50% | Investment holding |

* Supreme Development Company Limited has a wholly-owned subsidiary, Delux Arts Development Limited, which is incorporated in Hong Kong and engaged in manufacturing and sale of plastic bags in Hong Kong and PRC.

The Directors are of the opinion that a complete list of the particulars of all associates would be of excessive length and therefore the above list only contains the particulars of those associates which principally affect the results or assets and liabilities of the Group.

The summarised financial information in respect of the Group's associates as at the end of the reporting period is set out below:

| | 2011 HK\$'000 | 2010 HK\$'000 |
|---|---------------------|---------------------|
| Total assets | 1,121,311 | 1,390,607 |
| Total liabilities | (883,457) | (1,010,445) |
| Non-controlling interests | 237,854 (66,785) | 380,162 (67,834) |
| Group's share of net assets of associates | 171,069 | 312,328 |
| Revenue | 678,556 | 696,047 |
| (Loss)/profit for the year | (4,060) | 140,548 |
| Group's share of current year's results of associates as at the end of the reporting period | 273 | 62,129 |

17. AVAILABLE-FOR-SALE INVESTMENTS

| | THE GROUP | |
|---------------------------|------------------|----------|
| | 2011 | 2010 |
| | HK\$'000 | HK\$'000 |
| Equity securities: | | |
| Listed in Hong Kong | 1,635 | 1,342 |
| Unlisted | 35,605 | 36,071 |
| | 37,240 | 37,413 |
| Other unlisted securities | 8,314 | 3,977 |
| | 45,554 | 41,390 |

The fair values of listed securities are based on quoted market prices. The Group's unlisted securities are stated at cost less accumulated impairment losses, if any, as the range of reasonable fair value estimates for these unlisted securities is significant and the Directors consider that their fair values cannot be measured reliably.

18. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments represent prepaid operating lease payments in respect of leasehold land.

An analysis of the net book values is as follows:

| | THE GROUP | |
|--|------------------|----------|
| | 2011 | 2010 |
| | HK\$'000 | HK\$'000 |
| Leasehold land situated in Hong Kong: | | |
| Held under medium-term lease | 14,061 | 14,449 |
| Leasehold land situated outside Hong Kong: | | |
| Held under medium-term lease | 4,333 | 4,273 |
| Held under long lease | 296 | 301 |
| | 18,690 | 19,023 |

19. INVENTORIES

| | THE GROUP | |
|-------------------|------------------|-----------------|
| | 2011 | 2010 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| At cost: | | |
| Raw materials | 103,070 | 70,332 |
| Finished goods | 17,637 | 12,932 |
| Consumable stores | 6,683 | 7,041 |
| | 127,390 | 90,305 |

None of the inventories were carried at net realizable value at the end of the reporting period (2010: Nil).

20. 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:

| | THE GROUP | |
|----------------|------------------|-----------------|
| | 2011 | 2010 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Within 30 days | 47,169 | 45,648 |
| 31-60 days | 30,333 | 24,909 |
| 61-90 days | 8,872 | 6,272 |
| Over 90 days | 3,968 | 3,588 |
| | 90,342 | 80,417 |

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

The Group assesses the credit status and imposes credit limits for potential new customers in accordance with the Group's credit policy. The credit limits are closely monitored and subject to periodic reviews.

As at 31st March, 2011, trade debtors over 90 days amounted to HK\$3,968,000 (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.

20. TRADE DEBTORS *(Continued)*

The movements in allowance for impairment of doubtful debts during the year are set out below:

| | THE GROUP | |
|---|------------------|----------|
| | 2011 | 2010 |
| | HK\$'000 | HK\$'000 |
| Balance at beginning of the year | 1,902 | 2,237 |
| Increase in allowance recognised in consolidated income statement | 590 | 189 |
| Amount written off as uncollectible | (780) | (524) |
| Balance at end of the year | 1,712 | 1,902 |

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | THE GROUP | |
|---------------------------|------------------|----------|
| | 2011 | 2010 |
| | HK\$'000 | HK\$'000 |
| Equity securities: | | |
| Listed in Hong Kong | 62,128 | 53,026 |
| Listed outside Hong Kong | 6,521 | 5,902 |
| | 68,649 | 58,928 |
| Debt securities: | | |
| Listed outside Hong Kong | 106,558 | 61,482 |
| Unlisted | 30,584 | 35,509 |
| | 137,142 | 96,991 |
| Other unlisted securities | 23,620 | 14,071 |
| | 229,411 | 169,990 |

The fair values of listed securities are based on quoted market prices. The fair values of unlisted securities are based on quoted values or recent transaction prices provided by counterparty financial institutions.

22. TRADE CREDITORS

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

| | THE GROUP | |
|----------------|------------------|-----------------|
| | 2011 | 2010 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Within 30 days | 3,608 | 9,032 |
| 31-60 days | 107 | 5,033 |
| 61-90 days | 66 | — |
| Over 90 days | 21 | 13 |
| | 3,802 | 14,078 |

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

23. DEFERRED TAX LIABILITIES

The followings are the major deferred tax liabilities recognised and movements thereon during the current and prior reporting periods:

| | THE GROUP |
|--------------------------------|-------------------------------------|
| | Accelerated tax depreciation |
| | <i>HK\$'000</i> |
| At 31st March, 2009 | 2,422 |
| Charge to expense for the year | 963 |
| At 31st March, 2010 | 3,385 |
| Credit to income for the year | (751) |
| At 31st March, 2011 | 2,634 |

At the end of the reporting period, the Group has unused tax losses of approximately HK\$23,773,000 (2010: HK\$26,643,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams.

24. CONVERTIBLE NOTES

On 17th February, 2009, the Company entered into a placing agreement with an independent third party for the placing of convertible notes in cash with a principal amount of HK\$72,800,000 (“the 2009 Notes”). Pursuant to the placing agreement, the 2009 Notes were placed to independent third parties in early March 2009. The 2009 Notes bear interest at 2% per annum payable semi-annually with maturity on 4th March, 2014 (“Maturity Date”). The initial conversion price is HK\$0.26 per share, subject to adjustments and provided that the conversion price shall not be less than the par value of the Company’s share. The 2009 Notes may, at any time between the date of issue thereof and the date which is fourteen (14) days before (but excluding) the Maturity Date, be redeemed by the Company at 100% of the face value. The holders of the 2009 Notes (“the 2009 Notes Holders”) are not entitled to vote at any meetings of the Company. The exercise of the conversion rights by the 2009 Notes Holders shall be subject to the consent of the Company.

The convertible notes contain two components, liability and equity elements. The effective interest rate of the liability component of the 2009 Notes was 2.64% per annum.

During the year ended 31st March, 2011 and pursuant to the conversion rights attached to the 2009 Notes, part of the 2009 Notes with principal amounts of HK\$5,000,000 were converted into the Company’s ordinary shares at the conversion price of HK\$0.26 per share on 16th August, 2010 (the “Share Conversion”). The Company issued an aggregate of 19,230,769 ordinary shares during the year as a result of the Share Conversion.

The Share Conversion resulted in decreases in the liability component of convertible notes and convertible notes equity reserve by approximately HK\$4,851,000 and HK\$149,000 respectively; and increases in share capital and share premium by approximately HK\$1,923,000 and HK\$3,077,000 respectively.

The movements in the liability component of the convertible notes during the year are set out below:

| | THE GROUP AND THE COMPANY | |
|--------------------------------------|--------------------------------------|----------|
| | 2011 | 2010 |
| | HK\$’000 | HK\$’000 |
| Balance at beginning of the year | 38,924 | 70,787 |
| Conversion | (4,851) | (32,017) |
| Effective interest (<i>Note 8</i>) | 908 | 1,335 |
| Interest paid | (744) | (1,181) |
| Balance at end of the year | 34,237 | 38,924 |

25. SHARE CAPITAL

| | Number of shares of HK\$0.10 each | HK\$ '000 |
|---|---|-----------|
| Authorised | | |
| At 1st April, 2009, 31st March, 2010 and 31st March, 2011 | 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 31st March, 2011 | 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 year as a result of the share conversion.

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

26. SHARE OPTIONS

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants include the Company's Directors (including the Independent Non-executive Directors), employees of the Company and/or any of its subsidiaries and other persons who, in the sole discretion of the Board of Directors of the Company, have contributed to the Group. The Scheme became effective on 26th August, 2008 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

26. SHARE OPTIONS *(Continued)*

The maximum number of shares which may be issued upon exercise of all options granted and to be granted under the Scheme is an amount equivalent to 10% of the shares of the Company in issue as at the date of approval of the Scheme unless approval for refreshing the 10% limit from the Company's shareholders has been obtained. The total number of shares of the Company available for issue under the Scheme is 155,306,030 shares as at the date of the annual report. The maximum number of shares issued and to be issued upon exercise of the share options granted to each eligible participant in the Scheme (including exercised, cancelled and outstanding options) within any 12-month period, is limited to 1% of the shares of the Company in issue. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Under the Scheme, share options granted to a Director, Chief Executive or Substantial Shareholder of the Company, or to any of their associates are subject to approval in advance by the Independent Non-executive Directors. In addition, any grant of share options to a Substantial Shareholder or an Independent Non-executive Director of the Company, or to any of their associates, which would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK\$5,000,000 is subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options under the Scheme may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determined by the Directors, save that such period shall not be more than 10 years from the date of adoption of the Scheme subject to the provisions for early termination set out in the Scheme. Unless otherwise determined by the Directors at their sole discretion, there is no requirement of a minimum period for which an option must be held before it can be exercised.

The exercise price of share options granted under the Scheme is determined by the Directors, but shall not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of a share of the Company on the date of offer.

No option was granted, exercised, lapsed or cancelled during both years or remained outstanding as at 31st March, 2011 and 31st March, 2010.

27. RESERVES

The Group

The amount of the Group's reserves and the movement therein for the current and prior years are presented in the consolidated statement of changes in equity on page 38 to 39 of the financial statements.

The Company

| | Share premium <i>HK\$'000</i> | Contributed surplus <i>HK\$'000</i> | Capital redemption reserve <i>HK\$'000</i> | Convertible notes equity reserve <i>HK\$'000</i> | Dividend reserve <i>HK\$'000</i> | Retained earnings <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|---|-------------------------------------|---|---|---|--|---|--------------------------|
| At 31st March, 2009 | 404,740 | 216,596 | 515 | 2,169 | 14,069 | 1,013 | 639,102 |
| Profit for the year | — | — | — | — | — | 57,353 | 57,353 |
| Issue of ordinary shares pursuant to conversion of convertible notes | 20,308 | — | — | (983) | — | — | 19,325 |
| Prior year final dividend paid | — | — | — | — | (14,069) | (385) | (14,454) |
| Interim dividend paid | — | — | — | — | — | (18,175) | (18,175) |
| Final dividend proposed for the year ended 31st March, 2010 | — | — | — | — | 18,406 | (18,406) | — |
| At 31st March, 2010 | 425,048 | 216,596 | 515 | 1,186 | 18,406 | 21,400 | 683,151 |
| Profit for the year | — | — | — | — | — | 47,725 | 47,725 |
| Issue of ordinary shares pursuant to conversion of convertible notes | 3,077 | — | — | (149) | — | — | 2,928 |
| Prior year final dividend paid | — | — | — | — | (18,406) | (231) | (18,637) |
| Interim dividend paid | — | — | — | — | — | (18,637) | (18,637) |
| Final dividend proposed for the year ended 31st March, 2011 | — | — | — | — | 18,637 | (18,637) | — |
| At 31st March, 2011 | 428,125 | 216,596 | 515 | 1,037 | 18,637 | 31,620 | 696,530 |

27. RESERVES (Continued)

The Company (Continued)

Notes:

Under the Companies Act 1981 of Bermuda (as amended) and Bye-Laws of the Company, the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due;
- (b) the realizable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

In the opinion of the Directors, the Company's reserves available for distribution to shareholders were as follows:

| | 2011 | 2010 |
|---------------------|-----------------|----------|
| | HK\$'000 | HK\$'000 |
| Contributed surplus | 216,596 | 216,596 |
| Dividend reserve | 18,637 | 18,406 |
| Retained earnings | 31,620 | 21,400 |
| | 266,853 | 256,402 |

The contributed surplus of the Company represented the difference between the nominal value of the Company's shares issued in exchange for the value of net assets of the underlying subsidiaries acquired.

28. NON-CONTROLLING INTERESTS

Investments in certain subsidiaries were in the form of equity and loans from the Group and other shareholders in accordance with respective percentages of equity shareholding in these subsidiaries. Investments in the form of loans were comparatively more significant than those in the form of equity, so that the entire amounts were treated as quasi-capital. Under these circumstances, the aggregate of non-controlling shareholders' equity and loan investments were taken into account in sharing the losses incurred by these subsidiaries. The relevant amounts of non-controlling shareholders' shares of losses of subsidiaries included in the advances from non-controlling shareholders are approximately HK\$498,000 (2010: HK\$841,000).

29. PLEDGE OF ASSETS

At the end of the reporting period, the Group pledged cash balance of approximately HK\$15.4 million (2010: HK\$27.7 million) and financial assets of approximately HK\$107.4 million (2010: HK\$107.2 million) to secure general credit facilities granted to a subsidiary.

30. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

| | 2011 HK\$'000 | 2010 HK\$'000 |
|---|------------------|------------------|
| Fees | 240 | 240 |
| Basic salaries, allowances and benefits in kind | 8,889 | 9,297 |
| Retirement benefits scheme contributions | 282 | 267 |
| Bonus paid | 5,158 | 6,799 |
| | 14,569 | 16,603 |

| Name of director | Fees | | Other emoluments | | | |
|---|------------|---|--|------------------------|------------------------|------------------------|
| | HK\$'000 | Basic salaries, allowances and benefits in kind HK\$'000 | Retirement benefits scheme contributions HK\$'000 | Bonus paid HK\$'000 | 2011 Total HK\$'000 | 2010 Total HK\$'000 |
| Executive Director | | | | | | |
| Mr. Alvin Leslie LAM Kwing Wai | — | 2,687 | 54 | 2,428 | 5,169 | 6,749 |
| Madam Rosita YUEN LAM Kit Woo | — | 1,519 | 56 | 143 | 1,718 | 3,688 |
| Mr. Laurent LAM Kwing Chee | — | 1,867 | 82 | 142 | 2,091 | 2,206 |
| Mr. TSANG Siu Hung | — | 1,256 | 45 | 285 | 1,586 | 1,919 |
| Mr. Anthony LAM Sai Ho | — | 1,560 | 45 | 2,160 | 3,765 | 1,801 |
| Independent Non-executive Director | | | | | | |
| Mr. Leo CHAN Fai Yue | 80 | — | — | — | 80 | 80 |
| Mr. John WONG Yik Chung | 80 | — | — | — | 80 | 80 |
| Mr. Richard LAU Siu Sun | 80 | — | — | — | 80 | 80 |
| 2011 Total | 240 | 8,889 | 282 | 5,158 | 14,569 | 16,603 |
| 2010 Total | 240 | 9,297 | 267 | 6,799 | 16,603 | 16,603 |

30. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(b) Employees' emoluments

The five highest paid employees during the year included four (2010: four) directors, details of whose remunerations are set out in note 30(a) above. The remunerations paid to the five highest paid employees are as follows:

| | 2011 <i>HK\$'000</i> | 2010 <i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Basic salaries, allowances and benefits in kind | 9,596 | 9,775 |
| Retirement benefits scheme contributions | 325 | 315 |
| Bonus paid | 6,897 | 8,593 |
| | 16,818 | 18,683 |

The emoluments of the five highest paid individuals were within the following bands:

| <i>HK\$</i> | No. of persons | |
|-----------------------|-----------------------|------|
| | 2011 | 2010 |
| 1,500,001 — 2,000,000 | 1 | 1 |
| 2,000,001 — 2,500,000 | 1 | 1 |
| 3,500,001 — 4,000,000 | 1 | 1 |
| 4,000,001 — 4,500,000 | 1 | 1 |
| 5,000,001 — 5,500,000 | 1 | — |
| 6,500,001 — 7,000,000 | — | 1 |
| | 5 | 5 |

31. RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following transactions with the associates:

| | 2011 <i>HK\$'000</i> | 2010 <i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Net amount of trade purchases from and services rendered to associates | 204,525 | 272,661 |

The trade purchases and services rendered were carried out in the ordinary course of business and at prices determined by reference to prevailing market price.

31. RELATED PARTY TRANSACTIONS (Continued)

Remuneration for key management personnel

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

| | THE GROUP | |
|-----------------------------------|------------------|----------|
| | 2011 | 2010 |
| | HK\$'000 | HK\$'000 |
| Short-term employee benefits | 18,274 | 20,372 |
| Post-employment employee benefits | 370 | 352 |
| | 18,644 | 20,724 |

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.

During the year, 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 year amounted to HK\$960,000 (2010: HK\$960,000).

Details of balances with associates at the end of the reporting period are set out in note 16.

In addition to the above, the Group also provided guarantees to banks in respect of banking facilities granted to associates as set out in note 32(c).

32. COMMITMENTS AND CONTINGENT LIABILITIES

At the end of the reporting period, the commitments and contingent liabilities not provided for in the financial statements are as follows:

(a) Contracted capital commitments

| | THE GROUP | |
|---|------------------|----------|
| | 2011 | 2010 |
| | HK\$'000 | HK\$'000 |
| Acquisition of property, plant and equipment | 6,332 | 241 |
| Capital contribution for an available-for-sale investment | 20,400 | 20,400 |
| Capital contribution for a joint venture company | 12,879 | — |
| | 39,611 | 20,641 |

32. COMMITMENTS AND CONTINGENT LIABILITIES *(Continued)***(a) Contracted capital commitments** *(Continued)*

The Company did not have any contracted capital commitments at the end of the reporting period.

(b) Operating lease commitments***The Group as lessee***

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

| | THE GROUP | |
|---------------------------------------|------------------|----------|
| | 2011 | 2010 |
| | HK\$'000 | HK\$'000 |
| Within one year | 7,264 | 1,437 |
| In the second to fifth year inclusive | 11,784 | 369 |
| After five years | 3,966 | — |
| | 23,014 | 1,806 |

Operating lease payments represent rentals payable by the Group in respect of rented premises. Leases are negotiated for lease terms principally ranged from 1 to 5 years with fixed rentals.

The Group as lessor

Property rental income earned during the year was HK\$1,468,000 (2010: HK\$1,311,000). The properties rented out have committed tenants for the next 2 years.

At the end of the reporting period, the Group had contracted with tenants under the non-cancellable leases for the following future minimum lease payments:

| | THE GROUP | |
|---------------------------------------|------------------|----------|
| | 2011 | 2010 |
| | HK\$'000 | HK\$'000 |
| Within one year | 1,635 | 1,406 |
| In the second to fifth year inclusive | 667 | 561 |
| | 2,302 | 1,967 |

The Company did not have any lease commitments at the end of the reporting period.

32. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(c) Contingent liabilities and financial guarantees issued

| | THE GROUP | | THE COMPANY | |
|--|------------------|------------------|------------------|------------------|
| | 2011 HK\$'000 | 2010 HK\$'000 | 2011 HK\$'000 | 2010 HK\$'000 |
| Guarantees given in respect of banking facilities made available to: | | | | |
| — subsidiaries | — | — | 104,000 | 104,000 |
| — associates | 86,357 | 71,940 | 86,357 | 71,940 |
| | 86,357 | 71,940 | 190,357 | 175,940 |

At the end of the reporting period, the Group's subsidiaries had not utilised any of the banking facilities guaranteed by the Company. The extent of guaranteed banking facilities utilised by the associates as at 31st March, 2011 amounted to approximately HK\$38,405,000 (2010: HK\$34,338,000).

At the end of the reporting period, 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 financial guarantee contracts are not significant. The fair values of financial guarantee contracts were determined by BMI Appraisals Limited, an independent qualified professional valuer.

33. RETIREMENT BENEFITS SCHEMES

| | THE GROUP | |
|---|------------------|------------------|
| | 2011 HK\$'000 | 2010 HK\$'000 |
| Retirement benefits schemes contributions | 2,094 | 1,921 |
| Less: Forfeited contributions | (5) | (34) |
| | 2,089 | 1,887 |

33. RETIREMENT BENEFITS SCHEMES *(Continued)*

The Group operates a defined contribution retirement benefits scheme (the “Defined Contribution Scheme”) which is registered under the Occupational Retirement Scheme Ordinance (the “ORSO Scheme”) and a Mandatory Provident Fund Scheme (the “MPF Scheme”) established under the Mandatory Provident Fund Scheme Ordinance in December, 2000. The assets of these schemes are held separately from those of the Group in funds under the control of an independent trustee. Employees who are members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas, all new employees joining the Group on or after 1st December, 2000 are required to join the MPF Scheme.

Under the ORSO Scheme, the Group and its employees participating in the scheme are each required to make contributions to the scheme at rates specified in the rules. Where there are employees who leave the ORSO scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. Except for voluntary contribution, no forfeited contribution under this scheme is available to reduce the contribution payable in future years.

The retirement benefits schemes contributions arising from the ORSO Scheme and the MPF Scheme charged to the income statement represent contributions payable to the schemes by the Group at rates specified in the rules of the schemes.

At the end of the reporting period, there are no significant forfeited contributions, which arose upon employees leaving the retirement benefits scheme and which are available to reduce the contributions payable by the Group in future years.

34. ACQUISITION OF 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. Completion took place on 12th October, 2010 whereby the Target Company has become a wholly-owned subsidiary of the Company.

The net assets acquired in the acquisition of subsidiaries are as follows:

| | Fair value <i>HK\$ '000</i> |
|---|---------------------------------------|
| Net assets acquired: | |
| Plant and equipment | 2,946 |
| Intangible asset | 31,600 |
| Inventories | 1,054 |
| Other debtors, deposits and prepayments | 3,447 |
| Cash and cash equivalents | 692 |
| Trade and other creditors | (2,832) |
| | <hr/> 36,907 |
| Total consideration satisfied by cash | <hr/> 33,200 |
| | <hr/> 3,707 |
| Gain on bargain purchase of subsidiaries | <hr/> <hr/> 3,707 |
| Analysis of net outflow of cash and cash equivalents in respect of the acquisition: | |
| Cash consideration paid | (33,200) |
| Cash and cash equivalents acquired | 692 |
| | <hr/> (32,508) |
| Net outflow of cash and cash equivalents in respect of the acquisition | <hr/> <hr/> (32,508) |

35. FINANCIAL INSTRUMENTS — FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include available-for-sale investments, financial assets at fair value through profit or loss, trade and other receivables and trade and other payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Management manages and monitors these exposures closely to ensure appropriate measures are implemented on a timely and effective manner.

(a) Currency risk management

The carrying amounts of the Group's major foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period were as follows:

| | THE GROUP | | | |
|-----------------|--------------------------------|-------------------------|--------------------------------|-------------------------|
| | Assets | | Liabilities | |
| | 2011 <i>HK\$'000</i> | 2010 <i>HK\$'000</i> | 2011 <i>HK\$'000</i> | 2010 <i>HK\$'000</i> |
| Renminbi | 111,675 | 117,847 | 6,987 | 8,599 |
| Vietnamese Dong | 12,093 | — | 2,649 | — |

The Group is mainly exposed to the effects of fluctuation in Renminbi and Vietnamese Dong. The following table lists out the Group's sensitivity to a 5% (2010: 5%) and 8% (2010: Nil) increase and decrease in Hong Kong dollar against Renminbi and Vietnamese Dong respectively. The Management adjusted the sensitivity rate from nil to 8% for the purpose of assessing currency risk against Vietnamese Dong. The above sensitivity rates are used for reporting foreign currency risk internally to key management personnel and represent Management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary assets and liabilities. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

| | Increase/decrease in equity for the year | |
|---------------------------|---|-------------------------|
| | 2011 <i>HK\$'000</i> | 2010 <i>HK\$'000</i> |
| Impact of Renminbi | 5,234 | 5,462 |
| Impact of Vietnamese Dong | 755 | — |

35. FINANCIAL INSTRUMENTS — FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategies remain unchanged from prior year. The capital structure of the Group consists of equity attributable to equity holders of the Company which comprises issued share capital, share premium and reserves.

The Group monitors capital management on the basis of debt-to-equity ratio. The Group had cash balance of HK\$206,370,000 (2010: HK\$245,787,000) and no outstanding bank loans except for convertible notes amounted to HK\$34,237,000 (2010: HK\$38,924,000) at the end of the reporting period. The debt-to-equity ratio, calculated as total debts divided by shareholders' equity, as at the end of the reporting period was as follows:

| | 2011 | 2010 |
|----------------------|------------------|----------|
| | HK\$'000 | HK\$'000 |
| Total debts: | | |
| Convertible notes | 34,237 | 38,924 |
| Shareholders' equity | 1,083,313 | 970,952 |
| Debt-to-equity ratio | 3.2% | 4.0% |

(c) Credit risk management

The Group's credit risk is primarily attributable to trade and other receivables and loan receivables. The exposure to the credit risk is closely monitored on an ongoing basis by established credit policies. There is no significant credit risk within the Group.

To mitigate counterparty risk, the Group places time deposits and bank balances with banks of high credit ratings in Hong Kong and sets exposure limits to each single financial institution. Other than concentration of credit risk on amount due from associates, the Group has no other significant concentration of credit risk as relevant exposures are well diversified over a number of counterparties.

35. FINANCIAL INSTRUMENTS — FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(d) Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the Management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

As at 31st March, 2011, the Group's net current assets amounted to HK\$650,400,000 (2010: HK\$561,035,000) with current ratio, calculated as current assets divided by current liabilities, at approximately 12.66 times (2010: 10.99 times). Together with cash balance of HK\$206,370,000 (2010: HK\$245,787,000), the Group is in sound financial position to meet the capital requirements of the Group's operations and developments in the near future.

As at 31st March, 2011, the Group's contractual financial liabilities included total current liabilities of HK\$55,772,000 (2010: HK\$56,104,000) to be due within one year and convertible notes of HK\$34,237,000 (2010: HK\$38,924,000) to be due in the second to fifth year inclusive. Total current liabilities to be due within one year included trade creditors of HK\$3,802,000 (2010: HK\$14,078,000), other creditors and accruals of HK\$20,226,000 (2010: HK\$16,145,000) and tax liabilities of HK\$31,744,000 (2010: HK\$25,881,000).

(e) Fair value

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

35. FINANCIAL INSTRUMENTS — FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) Fair value (Continued)

Financial assets

| | THE GROUP | | | Total HK\$'000 |
|--|---------------------|---------------------|---------------------|-------------------|
| | Level 1 HK\$'000 | At 31st March, 2011 | | |
| | | Level 2 HK\$'000 | Level 3 HK\$'000 | |
| Available-for-sale investments: | | | | |
| Listed equity securities | 1,635 | — | — | 1,635 |
| Unlisted equity securities | — | — | 35,605 | 35,605 |
| Other unlisted securities | — | — | 8,314 | 8,314 |
| Financial assets at fair value through profit or loss: | | | | |
| Listed equity securities | 68,649 | — | — | 68,649 |
| Listed debt securities | 106,558 | — | — | 106,558 |
| Unlisted debt securities | — | 30,584 | — | 30,584 |
| Other unlisted securities | — | 11,744 | 11,876 | 23,620 |
| | 176,842 | 42,328 | 55,795 | 274,965 |

| | THE GROUP | | | Total HK\$'000 |
|--|---------------------|---------------------|---------------------|-------------------|
| | Level 1 HK\$'000 | At 31st March, 2010 | | |
| | | Level 2 HK\$'000 | Level 3 HK\$'000 | |
| Available-for-sale investments: | | | | |
| Listed equity securities | 1,342 | — | — | 1,342 |
| Unlisted equity securities | — | — | 36,071 | 36,071 |
| Other unlisted securities | — | — | 3,977 | 3,977 |
| Financial assets at fair value through profit or loss: | | | | |
| Listed equity securities | 58,928 | — | — | 58,928 |
| Listed debt securities | 61,482 | — | — | 61,482 |
| Unlisted debt securities | — | 35,509 | — | 35,509 |
| Other unlisted securities | — | 14,071 | — | 14,071 |
| | 121,752 | 49,580 | 40,048 | 211,380 |

There were no transfers between Level 1, Level 2 and Level 3 during the year.

The movement during the year of financial assets under Level 3 fair value measurements is as follows:

| | THE GROUP 2011 HK\$'000 |
|----------------------------------|-------------------------------|
| Balance at beginning of the year | 40,048 |
| Additions | 16,033 |
| Exchange rate adjustments | (286) |
| Balance at end of the year | 55,795 |

35. FINANCIAL INSTRUMENTS — FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(e) Fair value *(Continued)*

The fair values of financial assets are determined as follows:

- The fair values of financial assets with standard terms and conditions and traded in active markets are based on quoted market prices at the end of the reporting period without any deduction for transaction costs.
- The fair values of unlisted securities included in financial assets at fair value through profit or loss are based on quoted values or recent transaction prices provided by counterparty financial institutions.
- The unlisted securities included in available-for-sale investments and financial assets at fair value through profit or loss are stated at cost less accumulated impairment losses, if any.

The Directors consider that the carrying amounts of financial assets approximate their fair values.

(f) Financial instruments price risk management

The Group's financial instruments price risk is primarily attributable to available-for-sale investments and financial assets at fair value through profit or loss which were stated at fair values at the end of the reporting period. The Management manages this exposure by maintaining a portfolio of investments with different risk profiles.

As at 31st March, 2011, carrying values of available-for-sale investments and financial assets at fair value through profit or loss which were stated at fair values amounted to HK\$1,635,000 (2010: HK\$1,342,000) and HK\$217,535,000 (2010: HK\$169,990,000) respectively. For sensitivity analysis purpose, a 15% change (2010: 15% change) in the fair values of corresponding financial instruments would result in the movements in investments revaluation reserve and changes in results for the year of HK\$245,000 (2010: HK\$201,000) and HK\$32,630,000 (2010: HK\$25,498,000) respectively.

36. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.

Particulars of investment properties are as follows:

| Location | Term | Usage | Percentage held by the Group |
|--|-------------------|--------------|-------------------------------------|
| Room 1432, 1822, 1823, 1922 and Store Room No. 1 on 18/F Star House, No. 3 Salisbury Road, Tsimshatsui, Kowloon, Hong Kong | Long lease | Commercial | 100% |
| Unit B, 9/F Gitic Plaza Office Tower A, No. 339 Huanshi Road East, Guangzhou, Guangdong Province, PRC | Medium-term lease | Commercial | 100% |
| Flat D1, 12A/F Summit Court, Nos. 144-158 Tin Hau Temple Road, Hong Kong and Parking Space No. 72 on Upper Deck Garage Summit Court, No. 77 Cloud View Road, Hong Kong | Long lease | Residential | 100% |
| Flat B, 17/F Palatial Crest, No. 3 Seymour Road, Hong Kong | Long lease | Residential | 100% |

| | Year ended 31st March, | | | | |
|----------------------------------|------------------------|------------------|------------------|------------------|------------------|
| | 2007 HK\$'000 | 2008 HK\$'000 | 2009 HK\$'000 | 2010 HK\$'000 | 2011 HK\$'000 |
| RESULTS | | | | | |
| Turnover | 529,542 | 556,864 | 757,717 | 743,038 | 844,034 |
| Profit/(loss) before taxation | 104,894 | 24,423 | (161,463) | 186,164 | 162,945 |
| Taxation | (15,980) | (15,520) | (7,500) | (11,804) | (16,809) |
| Profit/(loss) for the year | 88,914 | 8,903 | (168,963) | 174,360 | 146,136 |
| Attributable to: | | | | | |
| Shareholders of the Company | 77,078 | 8,722 | (167,632) | 174,553 | 146,665 |
| Non-controlling interests | 11,836 | 181 | (1,331) | (193) | (529) |
| | 88,914 | 8,903 | (168,963) | 174,360 | 146,136 |
| Dividends | 38,690 | 38,690 | 28,138 | 36,581 | 37,274 |

| | As at 31st March, | | | | |
|-----------------------------------|-------------------|------------------|------------------|------------------|------------------|
| | 2007 HK\$'000 | 2008 HK\$'000 | 2009 HK\$'000 | 2010 HK\$'000 | 2011 HK\$'000 |
| ASSETS AND LIABILITIES | | | | | |
| Total assets | 1,108,671 | 1,158,855 | 920,126 | 1,081,534 | 1,189,367 |
| Total liabilities | (89,362) | (148,143) | (123,200) | (98,413) | (92,643) |
| Non-controlling interests | (12,685) | (13,057) | (12,314) | (12,169) | (13,411) |
| Shareholders' equity | 1,006,624 | 997,655 | 784,612 | 970,952 | 1,083,313 |