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## **BOARD OF DIRECTORS**

### **Executive Directors**

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

### **Independent Non-executive Directors**

John WONG Yik Chung  
Richard LAU Siu Sun  
LAM Ping Cheung

## **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.  
Canon's Court, 22 Victoria Street,  
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, 2012.

## **BUSINESS REVIEW AND PROSPECTS**

For the year under review, our Group recorded a decline in net profits when compared with last financial year. The decline was attributable to the absence of significant one-time gain on disposal of an associate, and the unrealized loss arising from the fair value changes of the Group's financial assets as a result of the recent adverse global investment market conditions. Nevertheless, our Group's core rice business remained steady and stable and maintained favourable contribution to the Group's results.

In Hong Kong, the business environment of our Group's rice business continued to be tough and challenging. The market competition among major market operators remained as intense as before. The raw rice cost escalated and maintained at high level. These two factors weighed on the Group's profit margin. To mitigate the pressure from these challenges, our Group continued to implement further stringent cost control measures and streamline the existing operation so as to enhance operation efficiency and to sustain our Group's profitability. The SAP Enterprise Resources Planning (ERP) system is in its final phase of implementation and will be in use by the end of this year. The ERP system will enhance our Group's competitive advantage, deliver better supply chain management and improve process integration, resulting in effective cost control.

In Mainland China, our rice business performed remarkably during the financial year. Despite the rice market conditions remained tough and challenging, the Group managed to deliver strong growth both in terms of sales and profitability. Such growth was the results of the effective marketing strategies and initiatives, which boosted sales strongly and were the main drivers of the growth momentum. Our Group is focusing on strengthening the marketing measures so as to drive sustainable sales growth. Our Group is confident that our China rice business will continue to sustain its growth momentum and to achieve long term growth prospect.

In Vietnam, our Group's Circle K convenience store business is progressing well and in accordance with its development schedules. We continued to improve store productivity, operation efficiency and customer service by optimising margin and pricing structure, expanding category management, increasing customer travel, enhancing quality customer service and building customer loyalty with aggressive marketing programmes. Such improvement in competitive edges is paying off as we have seen the operation to generate robust double-digit sales turnover growth for the year for both same stores and new stores. In the meantime, we are expanding the number of stores in a healthy and sustainable manner so as to strengthen our foothold of the market in Vietnam and to achieve the critical mass. We are optimistic about the long term prospect of this business. With regard to the development of the water distribution network

project in Vietnam, we have commenced to seek compensation on the project from the Vietnam municipal government as a result of the suspension of the project caused by the Vietnam government. The project is in its design work stage and the construction work has not been commenced yet. The total project costs involved were, therefore, not significant and were fully accounted for appropriately.

The global financial markets remained uncertain and volatile. Our investment portfolio has been affected, resulting in unrealized loss on the changes in the fair value of our Group's financial assets for the year under review. As our Group's investment portfolio is well balanced and diversified, we believe that it will generate shareholder value on a sustainable basis.

Our Group continued to maintain a strong and healthy financial position. As at 31st March, 2012, we had cash and bank balances to the extent of HK\$176 million. Our Group has strong liquidity and sufficient financial resources to capitalise on acquisition and investment opportunities as they arise, and to add value to shareholders.

Looking ahead, we are committed to strengthening our existing core business for long term sustainable growth and better return to the shareholders. In the meantime, we will continue to pursue quality investments that carry long-term benefits for our Group. We are confident in our Group's future prospect.

## **FINAL DIVIDEND**

The Directors have resolved to recommend the payment of a final dividend of 1.2 cents per share (2011: 1.2 cents per share) for the year ended 31st March, 2012 to the shareholders on the Register of Members of the Company at the close of business on Tuesday, 4th September, 2012. Together with the interim dividend of 1.2 cents per share paid on Friday, 13th January, 2012, the total dividends for the year ended 31st March, 2012 will be 2.4 cents per share (2011: 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 Monday, 17th September, 2012.

## **CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING**

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 Friday, 24th August, 2012 to Thursday, 30th August, 2012, 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 Thursday, 23rd August, 2012 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 Thursday, 23rd August, 2012.

### **LAST DAY FOR TRADING AND RECORD DATE FOR THE ENTITLEMENT TO FINAL DIVIDEND**

The last day for trading in the Company's shares with entitlement to the final dividend will be on Friday, 31st August, 2012. The Company's shares will be traded ex-entitlement on Monday, 3rd September, 2012.

The record date for the entitlement to the final dividend is at 4:30 p.m. on Tuesday, 4th September, 2012. 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 Tuesday, 4th September, 2012. The final dividend will be paid on or about Monday, 17th September, 2012.

### **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, 2012.

On behalf of the Board

**Alvin Leslie LAM Kwing Wai**

*Chairman*

Hong Kong, 27th June, 2012

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](http://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 Corporate Governance Code and Corporate Governance Report (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) as its own code on corporate governance. The Company has complied with the Code throughout the year ended 31st March, 2012 except the following deviations:

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.

Code provision A.3 of the Code and Rule 3.10(1) of the Listing Rule, the Company should appoint and maintain at least three Independent Non-executive Directors. Mr. Leo CHAN Fai Yue resigned as an Independent Non-executive Director, a member of the Audit Committee and the Chairman and member of the Remuneration Committee of the Company on 14th July, 2011 resulting that the number of the Independent Non-executive Directors and the member of the Audit Committee of the Company fell below the minimum number required under Rules 3.10(1) and 3.21 of the Listing Rules. On 28th September, 2011, Mr. LAM Ping Cheung was appointed as an Independent Non-executive Director, a member of the Audit Committee and the Chairman and member of the Remuneration Committee of the Company. Following the appointment of Mr. Lam, the Company has three Independent Non-executive Directors and three members of the Audit Committee of the Company, being the requisite number of Independent Non-executive Directors and member of the Audit Committee of the Company pursuant to Rules 3.10(1) and 3.21 of the Listing Rules. The Company fell short of one Independent Non-executive Director and one Audit Committee member during the period from 14th July, 2011 to 28th September, 2011.



## 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, 2012.

## 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.

During the year, Mr. Leo CHAN Fai Yue resigned as an Independent Non-executive Director of the Company on 14th July, 2011. On 28th September, 2011, Mr. LAM Ping Cheung was appointed as an Independent Non-executive Director of the Company. On 24th April, 2012, Madam Rosita YUEN LAM Kit Woo changed her name to LAM Kit Woo.

The composition of the Board of the Company for the year ended 31st March, 2012 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 LAM Kit Woo (*Note 1*)

Mr. Laurent LAM Kwing Chee

Mr. TSANG Siu Hung

### Independent Non-executive Directors:

Mr. John WONG Yik Chung

Mr. Richard LAU Siu Sun

Mr. LAM Ping Cheung (*Note 2*)

Mr. Leo CHAN Fai Yue (*Note 3*)

*Notes:*

1. Madam Rosita YUEN LAM Kit Woo changed her name to LAM Kit Woo on 24th April, 2012.
2. Mr. LAM Ping Cheung was appointed as Independent Non-executive Director of the Company on 28th September, 2011.
3. Mr. Leo CHAN Fai Yue resigned as Independent Non-executive Director of the Company on 14th July, 2011.

Mr. Alvin Leslie LAM Kwing Wai, Chairman and Managing Director of the Company, is the brother of Madam 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 25 to 27 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, 2012, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors, representing one-third of the Board and with at least one Independent Non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise except that after the resignation of Mr. Leo CHAN Fai Yue as an Independent Non-executive Director, a member of the Audit Committee and the Chairman and member of the Remuneration Committee of the Company on 14th July, 2011 resulting that the number of the Independent Non-executive Directors and the member of the Audit Committee of the Company fell below the minimum number required under Rules 3.10(1) and 3.21 of the Listing Rules. On 28th September, 2011, Mr. LAM Ping Cheung was appointed as an Independent Non-executive Director, a member of the Audit Committee and the Chairman and member of the Remuneration Committee of the Company. Following the appointment of Mr. LAM Ping Cheung, the Company has three Independent Non-executive Directors and three members of the Audit Committee of the Company, being the requisite number of Independent Non-executive Directors and member of the Audit Committee of the Company pursuant to Rules 3.10(1) and 3.21 of the Listing Rules. The Company fell short of one Independent Non-executive Director and one Audit Committee member during the period from 14th July, 2011 to 28th September, 2011.

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 Rule 3.13 of the Listing Rules. The Company has formal letter of appointment for all Directors setting out the key terms and conditions relative to their appointment.

Directors of the Company are continually updated with legal and regulatory developments, and the business environment to facilitate the discharge of their responsibilities. In addition, the Company has sent the latest version of “A Guide on Directors’ Duties” published by the Hong Kong Companies Registry to its directors and encourages them to read such Guide in order to acquaint themselves with the general duties of directors and the required standard of care, skill and diligence in the performance of his/her functions and exercise of his/her powers as directors.

Besides, continuing briefings and professional development for directors will be arranged whenever necessary.

### **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, 2012. 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.

During the year ended 31st March, 2012, none of the Directors of the Company has appointed any alternate to attend any board, committee and general meetings.

Details of individual attendance of Directors at the board meeting and general meeting during the year are set out in the table below:

Name of Director	Board Meeting	General Meeting
	Number of Attendance/ Number of Meeting Held	Number of Attendance/ Number of Meeting Held
<b>Executive Directors:</b>		
Mr. Alvin Leslie LAM Kwing Wai ( <i>Chairman and Managing Director</i> )	4/4	1/1
Mr. Anthony LAM Sai Ho ( <i>Vice Chairman</i> )	4/4	1/1
Madam LAM Kit Woo ( <i>Note 1</i> )	4/4	1/1
Mr. Laurent LAM Kwing Chee	4/4	0/1
Mr. TSANG Siu Hung	4/4	1/1
<b>Independent Non-executive Directors:</b>		
Mr. John WONG Yik Chung	4/4	0/1
Mr. Richard LAU Siu Sun	4/4	1/1
Mr. LAM Ping Cheung ( <i>Note 2</i> )	1/2	0/0
Mr. Leo CHAN Fai Yue ( <i>Note 3</i> )	1/1	0/0

*Notes:*

1. Madam Rosita YUEN LAM Kit Woo changed her name to LAM Kit Woo on 24th April, 2012.
2. Mr. LAM Ping Cheung was appointed as Independent Non-executive Director of the Company on 28th September, 2011.
3. Mr. Leo CHAN Fai Yue resigned as Independent Non-executive Director of the Company on 14th July, 2011.

## 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.

## BOARD COMMITTEES

During the year ended 31st March, 2012, the Board has three established committees, namely, the Remuneration Committee, the Audit Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs.

The three board committees of the Company are established with defined written terms of reference, approved by the Board, which set out the Committees' major duties. These are now posted on the websites of the Stock Exchange and the Company and are available to shareholders.

The majority of the members of each board committee are Independent Non-executive Directors. The list of the Chairman and members of each board committee is set out in each of the following board committee section.

The board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

## Remuneration Committee

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 Remuneration Committee has adopted the approach under code provision B.1.2(c)(ii) of the Code and advises and makes recommendations to the Board on the Group's overall policy and structure for the remuneration of directors and senior management.

During the year, Mr. Leo CHAN Fai Yue resigned as Chairman and member of the Remuneration Committee on 14th July, 2011 and Mr. LAM Ping Cheung has been appointed as Chairman and member of the Remuneration Committee on 28th September, 2011.

The members of the Remuneration Committee for the year ended 31st March, 2012 comprise four members, of which three are Independent Non-executive Directors, Mr. LAM Ping Cheung (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 directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- to make recommendations to the Board on the remuneration packages of individual executive directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; and
- to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.

The Remuneration Committee held one meeting during the year ended 31st March, 2012 to discuss remuneration related matters. The individual attendance of each member was as follows:

<b>Name of Director</b>	<b>Number of Attendance/ Number of Meeting Held</b>
Mr. LAM Ping Cheung <i>(Chairman of the Remuneration Committee) (Note 1)</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
Mr. Leo CHAN Fai Yue <i>(Note 2)</i>	0/0

*Notes:*

1. Mr. LAM Ping Cheung was appointed as Chairman and member of the Remuneration Committee of the Company on 28th September, 2011.
2. Mr. Leo CHAN Fai Yue resigned as Chairman and member of the Remuneration Committee of the Company on 14th July, 2011.

During the year ended 31st March, 2012, the summary of work performed by the Remuneration Committee was as follows:

- reviewed the remuneration policy for 2011/2012;
- reviewed and updated the existing Director's fee; and
- reviewed the remuneration of the Executive Directors and the Independent Non-executive Directors.

## Nomination Committee

The Company established the Nomination Committee on 30th March, 2012 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 Nomination Committee for the year ended 31st March, 2012 comprise four members, of which three are Independent Non-executive Directors, Mr. John WONG Yik Chung, Mr. Richard LAU Siu Sun and Mr. LAM Ping Cheung and one is Executive Director, Mr. Alvin Leslie LAM Kwing Wai (Chairman of Nomination Committee).

The principal duties of the Nomination Committee include:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- to keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace, and in this connection, to keep up-to-date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- to assess the independence of independent non-executive directors, having regard to the requirements under the Listing Rules; and
- to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman of the Board and the chief executive.

The Nomination Committee has not held meeting during the year ended 31st March, 2012.

Prior to the establishment of the Nomination Committee, during the year, 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.



## 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.

During the year, Mr. Leo CHAN Fai Yue resigned as member of the Audit Committee on 14th July, 2011 resulting that the number of Audit Committee member fell below the minimum number required under Rule 3.21 of the Listing Rules. On 28th September, 2011, Mr. LAM Ping Cheung has been appointed as member of the Audit Committee.

Following the appointment of Mr. Lam, the Company has three members of the Audit Committee of the Company, being the requisite number of member of the Audit Committee of the Company pursuant to Rule 3.21 of the Listing Rules. The Company fell short of one Audit Committee member during the period from 14th July, 2011 to 28th September, 2011.

The members of the Audit Committee for the year ended 31st March, 2012 comprise three Independent Non-executive Directors, Mr. John WONG Yik Chung (Chairman of Audit Committee), Mr. Richard LAU Siu Sun and Mr. LAM Ping Cheung.

The principal duties of the Audit Committee include:

- to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- to develop and implement policy on engaging an external auditor to supply non-audit services;
- to review the Company's financial controls, internal control and risk management systems;
- to discuss the internal control system with management to ensure that management has performed its duty to have an effective internal control system;

- to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response; and
- to review the group's financial and accounting policies and practices.

The Audit Committee held two meetings during the year ended 31st March, 2012. The attendance of each member is set out as follows:

<b>Name of Director</b>	<b>Number of Attendance/ Number of Meeting Held</b>
Mr. John WONG Yik Chung ( <i>Chairman of the Audit Committee</i> )	2/2
Mr. Richard LAU Siu Sun	2/2
Mr. LAM Ping Cheung ( <i>Note 1</i> )	1/1
Mr. Leo CHAN Fai Yue ( <i>Note 2</i> )	1/1

*Notes:*

1. Mr. LAM Ping Cheung was appointed as member of the Audit Committee of the Company on 28th September, 2011.
2. Mr. Leo CHAN Fai Yue resigned as member of the Audit Committee of the Company on 14th July, 2011.

During the year ended 31st March, 2012, the summary of work performed by the Audit Committee was as follows:

- review of the financial statement for the year ended 31st March, 2011 and for the six months ended 30th September, 2011;
- 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;
- review the effectiveness of the internal control system of the Group; and
- consideration of the audit fee and audit work for the year.

### **Corporate Governance Functions**

The Company is committed to enhancing its corporate governance practices appropriately to the conduct and growth of its business. To achieve a right balance between conformance and governance, the Board is responsible for introducing and proposing relevant principles concerning corporate governance so as to enhance the standard of corporate governance of the Company. A Terms of Reference of Corporate Governance Function of the Board of Directors is established to serve this purpose.

The Board is responsible for performing the corporate governance duties as follows:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; and
- to review the Company's compliance with the Code and disclosure in the Corporate Governance Report.

There is no meeting held by the Board in respect of corporate governance functions during the year ended 31st March, 2012.

### **AUDITORS' REMUNERATION**

During the year ended 31st March, 2012, the total audit fee of the Group amounted to approximately HK\$493,000. Non-audit service fee for the year amounted to approximately HK\$48,000.

### **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 42 to 43 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.

## SHAREHOLDER'S RIGHTS

The Company treats all shareholders equally and ensures that shareholders' rights are protected and every convenience is provided to exercise their rights in the many ways that they should receive. The Memorandum of Association and New Bye-Laws of the Company sets out the rights of our shareholders.

### (a) Rights and procedures for shareholders to convene special general meeting (SGM)

The Directors of the Company, notwithstanding anything in its bye-laws shall, on the requisition of Shareholders of the Company holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the company as at the date of the deposit carries the right of voting at general meetings of the Company, forthwith proceed duly to convene a SGM of the Company.

The requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited at the Company Secretary at the Company's Head Office at 11/F., Golden Resources Centre, 2-12 Cheung Tat Road, Tsing Yi Island, New Territories, Hong Kong, and may consist of several documents in like form each signed by one or more requisitionists.

The request will be verified with the Company's Share Registrars in Bermuda or Hong Kong and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the resolution in the agenda for the SGM.

If the Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

**(b) Rights and procedures for shareholders to make proposals at general meetings**

**(i) *Rights and procedures for proposing a person for election as a director at a general meeting are as follows:***

No person, other than a retiring Director, shall, unless recommended by the board of directors for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected including that person's biographical details as required by rule 13.51(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, shall have been lodged at the Head Office of the Company at 11/F., Golden Resources Centre, 2-12 Cheung Tat Road, Tsing Yi Islands, New Territories, Hong Kong or at the Registration Office provided that the minimum length of the period, during which such notice is given, shall be at least 7 days before the date of the general meeting.

If the notice is submitted after the dispatch of the notice of the general meeting appointed for such election, the period for lodgment of such notice shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

If the notice is received less than 10 business days prior to the date of such general meeting, the Company will need to consider the adjournment of such general meeting in order to allow Shareholders 14 days' notice (the notice period must include 10 business days) of the proposal.

**(ii) *Rights and procedures for proposing resolution to be put forward at a general meeting are as follows:***

To put forward proposals at an Annual General Meeting (AGM), or SGM, the Shareholders should submit a written notice of those proposals with the detailed contact information to the Company Secretary at the Company's Head Office at 11/F., Golden Resources Centre, 2-12 Cheung Tat Road, Tsing Yi Island, New Territories, Hong Kong. The request will be verified with the Company's Share Registrars in Bermuda or Hong Kong and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the resolution in the agenda for the general meeting.

The notice period to be given to all the Shareholders for consideration of the proposal raised by the Shareholders concerned at AGM or SGM varies according to the nature of the proposal, as follows:

- At least 14 days' notice (the notice period must include 10 business days) in writing if the proposal constitutes an ordinary resolution of the Company in SGM.
- At least 21 days' notice (the notice period must include 20 business days) in writing if the proposal constitutes an ordinary resolution of the Company in AGM or a special resolution of the Company in AGM or SGM.

**(c) Procedures to send enquiries to the Board**

The enquiries must be in writing with contact information of the requisitionists and deposited at the Company Secretary at the Company's Head Office at 11/F., Golden Resources Centre, 2-12 Cheung Tat Road, Tsing Yi Island, New Territories, Hong Kong.

**COMMUNICATION WITH SHAREHOLDERS**

The Company believes in maintaining full, open and timely communication with its shareholders, and observing high standards in corporate governance and shareholder communications.

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 (AGM), annual report, interim report, various notices, announcements and circulars.

To promote effective communication with shareholders, the Company provides them with access to the latest information about the Company. The Company's website, [www.grdil.com](http://www.grdil.com), serves as the primary tool to communicate rapidly with shareholders, and is a source of useful and current information about the Company. Financial and other information relating to the Group and its business activities is made available on the Company's website, which is regularly updated.

Extensive information on the Company's activities is provided in the annual and interim reports and circulars, which are sent to shareholders and are also available on the Stock Exchange and the Company's websites.

The Company values feedback from shareholders. Comments and suggestions are welcomed and can be addressed to the Company by mail to the Company's head office at 11/F., Golden Resources Centre, 2-12 Cheung Tat Road, Tsing Yi Island, New Territories, Hong Kong.

The AGM of the Company provides a useful forum for shareholders to exchange views with the Board. The Directors, Chairmen of the Audit, Remuneration and Nomination Committees and external auditors are also available at the AGM to address shareholders' queries. Shareholders are encouraged to attend the general meetings of the Company. The AGM notice is sent to shareholders at least 20 clear business days before the AGM.

To safeguard shareholder's interests and rights, separate resolutions are proposed at general meetings on each substantial separate issue, including the election of individual Directors.

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's and the Company after each general meeting.

In order to enable shareholders to make the most informed investment decisions, a Shareholders' Communication Policy is established to ensure that shareholders are provided a true and fair view of the Company.

The Directors present their annual report and the audited consolidated statements for the year ended 31st March, 2012.

## **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, 2012 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, 2012 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 44 to 118.

An interim dividend of 1.2 cents per share amounting to approximately HK\$20,243,000 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 Tuesday, 4th September, 2012 amounting to approximately HK\$20,243,000.

## **SHARE PREMIUM AND RESERVES**

Details of movements in the reserves of the Company and the Group during the year are set out in note 28 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 120 of the annual report.

## INVESTMENT PROPERTIES

The Group revalued all of its investment properties at 31st March, 2012. The revaluation surplus of HK\$4,820,000 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 26 to the financial statements.

## CONVERTIBLE NOTES

Details of movements during the year in the convertible notes of the Company are set out in note 25 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 LAM Kit Woo (*Note 1*)

Mr. Laurent LAM Kwing Chee

Mr. TSANG Siu Hung



## **DIRECTORS** (Continued)

### **Independent Non-executive Directors:**

Mr. John WONG Yik Chung

Mr. Richard LAU Siu Sun

Mr. LAM Ping Cheung (Note 2)

Mr. Leo CHAN Fai Yue (Note 3)

#### *Notes:*

1. Madam Rosita YUEN LAM Kit Woo changed her name to LAM Kit Woo on 24th April, 2012.
2. Mr. LAM Ping Cheung was appointed as Independent Non-executive Director of the Company on 28th September, 2011.
3. Mr. Leo CHAN Fai Yue resigned as Independent Non-executive Director of the Company on 14th July, 2011.

In accordance with bye-law 99(A) of the Company's Bye-Laws, Madam LAM Kit Woo, Mr. TSANG Siu Hung and Mr. Richard LAU Siu Sun, will retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

In accordance with bye-law 102(B) of the Company's Bye-Laws, Mr. LAM Ping Cheung will retire from office by rotation. Mr. LAM, though being eligible, will not offer himself for re-election and he will therefore retire at the forthcoming annual general meeting.

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. John WONG Yik Chung, Mr. Richard LAU Siu Sun and Mr. LAM Ping Cheung, 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, 2012, 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 67, 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 LAM Kit Woo and Mr. Laurent LAM Kwing Chee, and the uncle of Mr. Anthony LAM Sai Ho.

Anthony LAM Sai Ho, aged 45, 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. 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 LAM Kit Woo and Mr. Laurent LAM Kwing Chee.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT STAFF

*(Continued)*

### 1. Directors *(Continued)*

LAM Kit Woo, aged 66, 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 Lam has extensive experience in banking and trading. Madam Lam 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. On 24th April, 2012, Madam Lam changed her name to LAM Kit Woo.

Laurent LAM Kwing Chee, aged 65, 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 LAM Kit Woo, and the uncle of Mr. Anthony LAM Sai Ho.

TSANG Siu Hung, aged 57, 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.

John WONG Yik Chung, aged 45, 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) and Beijing North Star Company Limited (a listed company in Hong Kong, stock code: 588). On 31st December, 2011, he resigned as independent non-executive director of CDW Holdings Limited (a listed company in Singapore, stock code: D38.SI). 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 senior advisor to TMF China and Vantage Capital. 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.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT STAFF

*(Continued)*

### 1. Directors *(Continued)*

Richard LAU Siu Sun, aged 65, 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.

LAM Ping Cheung, aged 60, was appointed as an Independent Non-executive Director of the Company in 2011. Mr. Lam is a renowned solicitor in Hong Kong. He graduated from the Chinese University of Hong Kong in 1977 and holds a bachelor degree in social science. In 1980, he went to the United Kingdom to pursue his legal studies. He was qualified as a solicitor in Hong Kong in 1985. Mr. Lam was once appointed as an executive director and chairman of Seamless Green China (Holdings) Limited (a listed company in Hong Kong, stock code: 8150) on 29th November, 2010 and was removed on 20th September, 2011. Mr. Lam was appointed as an independent non-executive director of Enerchina Holdings Limited (a listed company in Hong Kong, stock code: 622) on 27th March, 2012. Mr. Lam was the founder and partner of Messrs. Lam & Co., a law firm in Hong Kong.

### 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, 2012, 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 (Note 1)	1.39%
Mr. Anthony LAM Sai Ho	—	—	7,350,000	7,350,000 (Note 2)	0.44%

#### 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**

<b>Name of director</b>	<b>Name of subsidiary</b>	<b>Capacity</b>	<b>Number of non-voting deferred shares beneficially held</b>
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.

**DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES** *(Continued)***Long positions** *(Continued)***(c) Ordinary shares of associate of the Company**

<b>Name of director</b>	<b>Name of associate</b>	<b>Capacity</b>	<b>Number of ordinary shares held through corporation</b>
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.

**(d) Share Options**

<b>Name of director</b>	<b>Capacity</b>	<b>Number of options held</b>	<b>Number of underlying shares</b>
Mr. TSANG Siu Hung	Beneficial owner	5,000,000	5,000,000

The details of the director's personal interest in the underlying shares of the Company in respect of share options granted by the Company are stated in the following section "Share Options Granted To Directors and Employees".

Save as disclosed above, as at 31st March, 2012, 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.

**SHARE OPTIONS GRANTED TO DIRECTORS AND EMPLOYEES**

Particulars of the Company's share option scheme are set out in note 27 to the financial statements.

During the year ended 31st March, 2012, details of share options granted to the Directors and employees under the existing share option scheme of the Company were as follows:

	Grant date	Validity period	Exercise price for one share (Note 1) HK\$	Balance outstanding at 1st April, 2011	Granted during the year	Exercised during the year	Balance outstanding at 31st March, 2012
<b>Director</b>							
Mr. TSANG Siu Hung	13th October, 2011	13th October, 2011 — 25th August, 2018 (Note 2)	0.41	—	5,000,000	—	5,000,000
Total				—	5,000,000	—	5,000,000
<b>Employees</b>							
	13th October, 2011	13th October, 2011 — 25th August, 2018 (Note 3)	0.41	—	6,000,000	—	6,000,000
	21st December, 2011	21st December, 2011 — 25th August, 2018 (Note 3)	0.376	—	6,000,000	—	6,000,000
Total				—	12,000,000	—	12,000,000
Grand total				—	17,000,000	—	17,000,000



## SHARE OPTIONS GRANTED TO DIRECTORS AND EMPLOYEES *(Continued)*

*Notes:*

1. The exercise price of the share options to subscribe for one ordinary share is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
2. The option to subscribe for ordinary share is exercisable during the validity period, subject to the vesting scale as follows:
  - (i) up to 50% or partial exercise of the 5,000,000 ordinary shares exercisable after the 2nd year of the date of acceptance of the option; and
  - (ii) up to 100% or partial exercise of the 5,000,000 ordinary shares exercisable after the 4th year of the date of acceptance of the option.
3. The option to subscribe for ordinary share is exercisable during the validity period, subject to the vesting scale as follows:
  - (i) up to 33.33% or partial exercise of the 6,000,000 ordinary shares exercisable after the 2nd year of the date of acceptance of the options; and
  - (ii) up to 66.67% or partial exercise of the 6,000,000 ordinary shares exercisable after the 3rd year of the date of acceptance of the options; and
  - (iii) up to 100% or partial exercise of the 6,000,000 ordinary shares exercisable after the 4th year of the date of acceptance of the options.

Save as disclosed above, none of the Directors nor their spouses or children under 18 years of age were granted or had exercised any rights to subscribe for any securities of the Company or any of its associated corporations.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed under the headings "Directors' Interests and Short Positions in the Shares and Underlying Shares" and "Share Options Granted to Directors and Employees" above and particulars of the Company's share option scheme as set out in note 27 to the financial statements, 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.

## RELATED PARTY TRANSACTIONS

Details of the related party transactions entered into by the Group during the year are set out in note 32 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.

## CONNECTED TRANSACTIONS *(Continued)*

### 1. *(Continued)*

Under Rule 14A.43(2) of the Listing Rules, a written approval was 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 year ended 31st March, 2012, the Supply of rice from the FC Group to the Group under the Framework Agreement amounted to approximately HK\$1,250,000 (2011: the period commencing from the effective date of 24th December, 2010 to 31st March, 2011: Nil).

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, 2012, 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, 2012.

## CONNECTED TRANSACTIONS *(Continued)*

1. *(Continued)*

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.

3. During the year, Messrs. Lam & Co. (formerly known as Messrs. Andrew Lam & Co) was employed to provide legal professional services to the Group. Mr. LAM Ping Cheung ("Mr. Lam") became one of the partners of Messrs. Lam & Co. in July 2010. Mr. Lam has been appointed as the Independent Non-executive Director, a member of the Audit Committee and a member of the Remuneration Committee of the Company since 28th September, 2011.

For the twelve months prior to 28th September, 2011, the date on which Mr. Lam has been appointed as the Independent Non-executive Director of the Company, the total legal fee paid to Messrs. Lam & Co., including disbursements to counsel, amounted to approximately HK\$599,000. For the period between 28th September, 2011 and the financial year ended 31st March, 2012, the total legal fee paid to Messrs. Lam & Co. amounted to HK\$200,000. It has been confirmed during Mr. Lam's directorship, he had not personally provided professional advice to the Company and the aforesaid case has been exclusively handled by his partner Ms Flora Lam.

Save as disclosed above, in the opinion of the Directors, there was no other transactions which need to be disclosed as connected transaction 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, 2012, 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 (Note 1)	Approximate percentage of the issued share capital of the Company
Yuen Loong International Limited ("Yuen Loong")	548,052,026	32.48% (Note 2)
Chelsey Developments Ltd. ("Chelsey")	252,240,000	14.95% (Note 2)

### Notes:

1. These shares represent long positions.
2. Mr. Alvin Leslie LAM Kwing Wai, a Director of the Company, is a beneficiary of a discretionary trust which is interested in approximately 24% of the issued share capital of each of Yuen Loong and Chelsey. Mr. Laurent LAM Kwing Chee, a Director of the Company, is interested in approximately 15% of the issued share capital of each of Yuen Loong and Chelsey. Madam 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, 2012.

## CHARITABLE DONATIONS

During the year, the Group made charitable donations amounting to approximately HK\$113,000.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group had cash balance of approximately HK\$176 million and outstanding bank loans amounted to approximately HK\$21 million as at 31st March, 2012.

With cash and other current assets of approximately HK\$779 million as at 31st March, 2012 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, 2012 was HK\$0.68 per share based on 1,686,906,458 shares in issue as at that date.

## EMPLOYEES AND REMUNERATION POLICY

The total number of employees for the Group is about 684.

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, 2012, the five largest customers of the Group accounted for approximately 52% by value of the Group's turnover and the five largest suppliers accounted for approximately 81% by value of the Group's total purchases. Approximately 17% of the Group's turnover and approximately 28% 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 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, 2012 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, 2012:

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
<b>(i) Dragon Fortune Ltd. and its subsidiaries</b>						
Dragon Fortune Ltd.	28.00	72,176	—	—	72,176	<i>a</i>
Fortune Leader Investment Limited	28.00	—	22,400	22,400	22,400	<i>b</i>
Fortune Leader Overseas Chinese (Daiyawan) Investment Company Limited	22.40	—	34,526	31,763	34,526	<i>c</i>
Fortune Leader Overseas Chinese (Daiyawan) Real Estate Development Company Limited	22.40	—	12,429	12,429	12,429	<i>d</i>
Aggregate of Dragon Fortune Ltd. and its subsidiaries		72,176	69,355	66,592	141,531	<i>e</i>
<b>(ii) Sirinumma Company Limited</b>						
	40.00	—	15,896	—	15,896	<i>f</i>
<b>(iii) Starland Century Limited</b>						
	37.50	87,979	—	—	87,979	<i>a</i>
Total		160,155	85,251	66,592	245,406	<i>g</i>



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

The proforma combined statement of financial position of the above affiliated companies, as attributable to the Group, as at 31st March, 2012 is as follows:

	<i>HK\$'000</i>
Non-current assets	164,302
Current assets	144,019
Current liabilities	(42,606)
Net current assets	101,413
Non-current liabilities	(230,103)
Non-controlling interests	(17,664)
Shareholders' equity	17,948

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

*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 ("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, 27th June, 2012

恒健會計師行  
**HLM & Co.**  
Certified Public Accountants

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**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 44 to 118, which comprise the consolidated and Company statements of financial position as at 31st March, 2012, 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, 2012 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, 27th June, 2012

For the year ended 31st March, 2012

	<i>Notes</i>	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>TURNOVER</b>	<i>5</i>	<b>939,521</b>	844,034
Cost of sales		<b>(675,883)</b>	(624,182)
<b>GROSS PROFIT</b>		<b>263,638</b>	219,852
Net unrealized (loss)/gain on financial assets at fair value through profit or loss		<b>(20,909)</b>	2,868
Surplus on revaluation of investment properties		<b>4,820</b>	10,590
Net other income	<i>7</i>	<b>21,082</b>	24,206
Selling and distribution costs		<b>(43,091)</b>	(27,892)
Administrative expenses		<b>(128,015)</b>	(116,842)
<b>PROFIT FROM OPERATIONS</b>		<b>97,525</b>	112,782
Finance costs		<b>(692)</b>	(923)
Share of results of associates		<b>(9,504)</b>	273
Gain on disposal of associate		<b>4,614</b>	54,313
Impairment loss on interests in associate		<b>—</b>	(3,500)
<b>PROFIT BEFORE TAXATION</b>	<i>8</i>	<b>91,943</b>	162,945
Taxation	<i>9</i>	<b>(18,138)</b>	(16,809)
<b>PROFIT FOR THE YEAR</b>		<b>73,805</b>	146,136
Attributable to:			
Shareholders of the Company		<b>72,119</b>	146,665
Non-controlling interests		<b>1,686</b>	(529)
		<b>73,805</b>	146,136
<b>EARNINGS PER SHARE</b>	<i>11</i>		
— Basic		<b>HK4.4 cents</b>	HK9.5 cents
— Diluted		<b>HK4.3 cents</b>	HK8.7 cents

For the year ended 31st March, 2012

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>PROFIT FOR THE YEAR</b>	<b>73,805</b>	146,136
<b>OTHER COMPREHENSIVE INCOME</b>		
(Deficit)/surplus on revaluation of available-for-sale investments	(201)	293
Exchange differences on translation of foreign operations	6,510	3,783
Share of other comprehensive income of associates	2,330	7,925
Exchange reserve and other reserves eliminated on disposal of subsidiary/associate	2,973	756
Exchange reserve eliminated on disposal of available-for-sale investment	893	—
Other comprehensive income for the year, net of tax	12,505	12,757
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>86,310</b>	158,893
Total comprehensive income attributable to:		
Shareholders of the Company	81,075	158,534
Non-controlling interests	5,235	359
	<b>86,310</b>	158,893

At 31st March, 2012

	<i>Notes</i>	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<i>12</i>	<b>79,082</b>	84,907
Investment properties	<i>13</i>	<b>69,277</b>	64,457
Intangible asset	<i>14</i>	<b>29,501</b>	30,900
Interests in associates	<i>16</i>	<b>249,876</b>	238,687
Available-for-sale investments	<i>17</i>	<b>49,897</b>	45,554
Prepaid lease payments	<i>18</i>	<b>18,325</b>	18,690
		<b>495,958</b>	483,195
<b>CURRENT ASSETS</b>			
Inventories	<i>19</i>	<b>146,823</b>	127,390
Trade debtors	<i>20</i>	<b>100,538</b>	90,342
Other debtors, deposits and prepayments		<b>67,100</b>	52,659
Financial assets at fair value through profit or loss	<i>21</i>	<b>288,843</b>	229,411
Cash and cash equivalents		<b>176,234</b>	206,370
		<b>779,538</b>	706,172
<b>CURRENT LIABILITIES</b>			
Trade creditors	<i>22</i>	<b>12,412</b>	3,802
Other creditors and accruals		<b>26,660</b>	20,226
Financial guarantee contracts		<b>6,820</b>	—
Bank loans	<i>23</i>	<b>21,702</b>	—
Tax liabilities		<b>28,624</b>	31,744
		<b>96,218</b>	55,772
<b>NET CURRENT ASSETS</b>		<b>683,320</b>	650,400
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,179,278</b>	1,133,595
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	<i>24</i>	<b>1,998</b>	2,634
Convertible notes	<i>25</i>	<b>—</b>	34,237
		<b>1,998</b>	36,871
		<b>1,177,280</b>	1,096,724

At 31st March, 2012

	<i>Notes</i>	<b>2012</b> <b>HK\$'000</b>	2011 <i>HK\$'000</i>
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>26</i>	<b>168,691</b>	155,306
Reserves	<i>28</i>	<b>989,943</b>	928,007
<hr/>			
Shareholders' equity		<b>1,158,634</b>	1,083,313
Non-controlling interests	<i>29</i>	<b>18,646</b>	13,411
<hr/>			
		<b>1,177,280</b>	1,096,724
<hr/>			

The financial statements on pages 44 to 118 were approved and authorised for issue by the Board of Directors on 27th June, 2012 and are signed on its behalf by:

**Alvin Leslie LAM Kwing Wai**  
*Chairman*

**TSANG Siu Hung**  
*Executive Director*



At 31st March, 2012

	<i>Notes</i>	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>NON-CURRENT ASSET</b>			
Interests in subsidiaries	15	<b>884,966</b>	885,881
<b>CURRENT ASSETS</b>			
Other debtors, deposits and prepayments		<b>191</b>	172
Cash and cash equivalents		<b>31</b>	20
		<b>222</b>	192
<b>CURRENT LIABILITY</b>			
Other creditors and accruals		<b>37</b>	—
<b>NET CURRENT ASSETS</b>			
		<b>185</b>	192
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>885,151</b>	886,073
<b>NON-CURRENT LIABILITY</b>			
Convertible notes	25	—	34,237
		<b>885,151</b>	851,836
<b>CAPITAL AND RESERVES</b>			
Share capital	26	<b>168,691</b>	155,306
Reserves	28	<b>716,460</b>	696,530
		<b>885,151</b>	851,836

**Alvin Leslie LAM Kwing Wai**  
*Chairman*

**TSANG Siu Hung**  
*Executive Director*

For the year ended 31st March, 2012

	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 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 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

For the year ended 31st March, 2012

	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	Share options 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, 2011	155,306	428,425	515	1,037	(1,064)	5,128	56,186	—	471	18,637	418,972	1,083,313	13,411	1,096,724
Profit for the year	—	—	—	—	—	—	—	—	—	—	72,119	72,119	1,686	73,805
Other comprehensive income for the year:														
Deficit on revaluation of available-for-sale investments	—	—	—	—	(201)	—	—	—	—	—	—	(201)	—	(201)
Exchange adjustments	—	—	—	—	—	—	5,711	—	—	—	—	5,711	799	6,510
Share of reserve movements of associates	—	—	—	—	—	—	2,926	—	(596)	—	—	2,330	—	2,330
Eliminated on disposal of subsidiary/associate	—	—	—	—	—	—	223	—	—	—	—	223	2,750	2,973
Eliminated on disposal of available-for-sale investment	—	—	—	—	—	—	893	—	—	—	—	893	—	893
	—	—	—	—	(201)	—	9,753	—	(596)	—	—	8,956	3,549	12,505
Total comprehensive income for the year	—	—	—	—	(201)	—	9,753	—	(596)	—	72,119	81,075	5,235	86,310
Equity-settled share-based payment expense	—	—	—	—	—	—	—	138	—	—	—	138	—	138
Issue of ordinary shares pursuant to conversion of convertible notes	13,385	21,415	—	(1,037)	—	—	—	—	—	—	—	33,763	—	33,763
Prior year final dividend paid	—	—	—	—	—	—	—	—	(18,637)	—	(775)	(19,412)	—	(19,412)
Interim dividend paid	—	—	—	—	—	—	—	—	—	—	(20,243)	(20,243)	—	(20,243)
Final dividend proposed for the year ended 31st March, 2012	—	—	—	—	—	—	—	—	—	20,243	(20,243)	—	—	—
At 31st March, 2012	168,691	449,540	515	—	(1,265)	5,128	65,939	138	(125)	20,243	449,830	1,158,634	18,646	1,177,280

Shareholders' equity of the Group represents share capital amounting to approximately HK\$168,691,000 (2011: HK\$155,306,000) and reserves amounting to approximately HK\$989,943,000 (2011: HK\$928,007,000).

Other reserves of the Group represent share of available-for-sale investment revaluation reserve of associates.

For the year ended 31st March, 2012

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	<b>91,943</b>	162,945
Adjustments for:		
Interest income	<b>(18,181)</b>	(13,852)
Finance costs	<b>692</b>	923
Dividend income from investments in securities	<b>(3,641)</b>	(1,721)
Depreciation and amortisation of property, plant and equipment	<b>12,425</b>	12,190
Amortisation of prepaid lease payments	<b>529</b>	523
Amortisation of intangible asset	<b>1,399</b>	700
Net loss/(gain) on disposal of property, plant and equipment	<b>54</b>	(74)
Share of results of associates	<b>9,504</b>	(273)
Surplus on revaluation of investment properties	<b>(4,820)</b>	(10,590)
Bad debts (written back)/written off	<b>(1,379)</b>	590
Equity-settled share-based payment expense	<b>138</b>	—
Gain on disposal of associate	<b>(4,614)</b>	(54,313)
Gain on bargain purchase of subsidiaries	—	(3,707)
Impairment loss on loan receivables	—	300
Impairment loss on interests in associate	—	3,500
Operating cash flows before movements in working capital	<b>84,049</b>	97,141
Increase in financial assets at fair value through profit or loss	<b>(58,788)</b>	(59,318)
Increase in inventories	<b>(18,107)</b>	(35,308)
Increase in trade debtors	<b>(7,980)</b>	(9,575)
Increase in other debtors, deposits and prepayments	<b>(5,620)</b>	(16,922)
Increase/(decrease) in trade creditors	<b>8,786</b>	(11,357)
Increase in other creditors and accruals	<b>7,217</b>	871
Cash generated from/(used in) operations	<b>9,557</b>	(34,468)
Hong Kong Profits Tax paid	<b>(20,523)</b>	(12,850)
Hong Kong Profits Tax refunded	—	1,391
Income tax in other jurisdiction paid	<b>(1,365)</b>	(224)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(12,331)</b>	(46,151)

For the year ended 31st March, 2012

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>INVESTING ACTIVITIES</b>		
Interest received	17,544	12,872
Dividend received from investments in securities	3,641	1,721
Dividend received from associates	917	—
Advances to associates	(8,563)	(2,449)
Repayments from associates	3,690	2,884
Purchases of available-for-sale investments	(9,864)	(4,157)
Purchases of property, plant and equipment	(6,499)	(8,583)
Proceeds from disposal of property, plant and equipment	28	247
Purchases of investment properties	—	(14,527)
Proceeds from disposal of associate	—	88,400
Acquisition of subsidiaries	—	(32,508)
Investment in associate	—	(3,500)
Decrease in pledged cash balance	8,714	12,302
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>	<b>9,608</b>	<b>52,702</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(39,655)	(37,274)
Interest paid	(1,166)	(759)
New bank loans raised	21,702	—
Capital injection by non-controlling interest	—	1,226
Repayment of advances from non-controlling interest	—	(343)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(19,119)</b>	<b>(37,150)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(21,842)</b>	<b>(30,599)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>190,952</b>	<b>218,067</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>420</b>	<b>3,484</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>169,530</b>	<b>190,952</b>
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Time deposits, bank balances and cash	176,234	206,370
Less: Pledged cash and cash equivalents	(6,704)	(15,418)
	<b>169,530</b>	<b>190,952</b>

## 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 (“HKICPA”) with effect from the beginning of current accounting period:

HKAS 24 (Revised)	Related Party Disclosures
HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HK(IFRIC) — Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments

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.

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income <sup>1</sup>
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets <sup>2</sup>
HKAS 19 (Revised)	Employee Benefits <sup>3</sup>
HKAS 27 (Revised)	Separate Financial Statements <sup>3</sup>
HKAS 28 (Revised)	Investments in Associates and Joint Ventures <sup>3</sup>
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities <sup>4</sup>
HKFRS (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle <sup>3</sup>
HKFRS 1 (Amendment)	Government Loans <sup>3</sup>
HKFRS 7 (Amendment)	Disclosures — Transfers of Financial Assets <sup>5</sup>
HKFRS 7 (Amendment)	Disclosures — Offsetting Financial Assets and Financial Liabilities <sup>3</sup>
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>6</sup>
HKFRS 9	Financial Instruments <sup>6</sup>
HKFRS 10	Consolidated Financial Statements <sup>3</sup>
HKFRS 11	Joint Arrangements <sup>3</sup>
HKFRS 12	Disclosures of Interests in Other Entities <sup>3</sup>
HKFRS 13	Fair Value Measurement <sup>3</sup>
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1st July, 2012

<sup>2</sup> Effective for annual periods beginning on or after 1st January, 2012

<sup>3</sup> Effective for annual periods beginning on or after 1st January, 2013

<sup>4</sup> Effective for annual periods beginning on or after 1st January, 2014

<sup>5</sup> Effective for annual periods beginning on or after 1st July, 2011

<sup>6</sup> Effective for annual periods beginning on or after 1st January, 2015

### 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 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.

#### **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.



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **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.

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.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **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.

#### **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**

Associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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.

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.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **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.

#### **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.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **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 include 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.

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.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **Financial instruments** *(Continued)*

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.

#### **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.

#### **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.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **Related parties**

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

#### **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.

### 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)*

#### **Equity-settled share-based payment transactions**

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in the income statement, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately in the income statement.

At the time when the share options are exercised, the amount previously recognised in the share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in the share options reserve will be transferred to retained earnings.

#### **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, 2012, the carrying amount of trade debtors was approximately HK\$100,538,000 (2011: HK\$90,342,000) (net of allowance for impairment of doubtful debts of approximately HK\$86,000 (2011: HK\$1,712,000)).

##### **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.

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

##### 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:

	<b>THE GROUP</b>	
	<b>2012</b>	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rice sales	<b>892,227</b>	829,241
Rental income from investment properties	<b>1,916</b>	1,468
Sales from operation of convenience stores and restaurants	<b>45,378</b>	13,325
	<b>939,521</b>	844,034

## 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, 2012**

	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>	Total <i>HK\$'000</i>	Inter- segment elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>TURNOVER</b>							
External sales	892,227	—	1,916	45,378	939,521	—	939,521
Inter-segment sales	121	—	—	—	121	(121)	—
<b>Total sales</b>	<b>892,348</b>	<b>—</b>	<b>1,916</b>	<b>45,378</b>	<b>939,642</b>	<b>(121)</b>	<b>939,521</b>
<b>RESULT</b>							
Segment results	110,552	(10,845)	4,433	(6,615)			97,525
Finance costs							(692)
Share of results of associates	84	—	(65)	(9,523)			(9,504)
Gain on disposal of associate	—	—	4,614	—			4,614
Profit before taxation							91,943
Taxation							(18,138)
Profit for the year							73,805
Attributable to:							
Shareholders of the Company							72,119
Non-controlling interests							1,686
							73,805

**6. SEGMENT INFORMATION** (Continued)**Segment assets and liabilities as at 31st March, 2012**

	Rice operation <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>ASSETS</b>					
Segment assets	298,596	311,821	147,155	268,048	1,025,620
Interests in associates	12,019	—	94,026	143,831	249,876
Consolidated total assets					<u>1,275,496</u>
<b>LIABILITIES</b>					
Segment liabilities	30,414	—	500	14,978	45,892
Unallocated corporate liabilities					<u>52,324</u>
Consolidated total liabilities					<u>98,216</u>

**Other information for the year ended 31st March, 2012**

	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	1,868	—	81	4,550	6,499
Depreciation and amortisation of property, plant and equipment	7,109	—	1,582	3,734	12,425
Amortisation of prepaid lease payments	524	—	5	—	529
Amortisation of intangible asset	—	—	—	1,399	1,399
Surplus on revaluation of investment properties	—	—	4,820	—	4,820
Net unrealized loss on financial assets at fair value through profit or loss	—	20,909	—	—	20,909
Bad debts written back	1,379	—	—	—	1,379



**6. SEGMENT INFORMATION** (Continued)**Income statement 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>
<b>TURNOVER</b>					
External sales	829,241	—	1,468	13,325	844,034
<b>RESULT</b>					
Segment results	90,375	17,650	9,212	(4,455)	112,782
Finance costs					(923)
Share of results of associates	(205)	—	834	(356)	273
Gain on disposal of associate	—	—	—	54,313	54,313
Impairment loss on interests in associate	—	—	—	(3,500)	(3,500)
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

The accounting policies of the operating segments are the same as the Group's accounting policies as described in note 3. Segment results represent the profit or loss generated from each segment without allocation of finance costs. This is the measure reported to the chief operating decision maker for the purpose of resources allocation and performance assessment.

**6. SEGMENT INFORMATION** (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>
<b>ASSETS</b>					
Segment assets	272,337	241,783	143,932	292,628	950,680
Interests in associates	3,372	—	89,591	145,724	<u>238,687</u>
Consolidated total assets					<u>1,189,367</u>
<b>LIABILITIES</b>					
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)**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:

	<b>Turnover by geographical markets</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong	<b>709,202</b>	699,875
Elsewhere in the PRC	<b>190,182</b>	118,742
Others	<b>40,137</b>	25,417
	<b>939,521</b>	844,034

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:

	<b>Carrying amounts of non- current assets other than financial instruments</b>		<b>Additions to non- current assets other than financial instruments</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong	<b>178,060</b>	181,098	<b>1,030</b>	21,330
Elsewhere in the PRC	<b>121,690</b>	116,558	<b>1,105</b>	3,664
Others	<b>146,311</b>	139,985	<b>4,364</b>	36,162
	<b>446,061</b>	437,641	<b>6,499</b>	61,156

**Information about major customer**

For the year ended 31st March, 2012, approximately HK\$158,125,000 (2011: HK\$181,634,000) of the Group's turnover was derived from a single external customer from rice operation.

**7. NET OTHER INCOME**

	<b>THE GROUP</b>	
	<b>2012</b>	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income on:		
— Financial assets at fair value through profit or loss	<b>12,681</b>	10,416
— Financial assets not designated as at fair value through profit or loss	<b>5,500</b>	3,436
	<b>18,181</b>	13,852
Dividend from:		
— Listed available-for-sale investments	<b>55</b>	24
— Unlisted available-for-sale investments	<b>1,706</b>	—
— Listed financial assets at fair value through profit or loss	<b>1,880</b>	1,697
	<b>3,641</b>	1,721
Net realized (loss)/gain on disposals of financial assets:		
— Available-for-sale investments	<b>(937)</b>	—
— Financial assets at fair value through profit or loss	<b>(8,062)</b>	446
	<b>(8,999)</b>	446
Net (loss)/gain on disposal of property, plant and equipment	<b>(54)</b>	74
Net foreign exchange gain	<b>1,820</b>	2,475
Sundry income	<b>6,493</b>	2,231
Impairment loss on loan receivable	—	(300)
Gain on bargain purchase of subsidiaries	—	3,707
	<b>21,082</b>	24,206

**8. PROFIT BEFORE TAXATION**

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

	<b>THE GROUP</b>	
	<b>2012</b>	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Auditors' remuneration		
Current year	<b>465</b>	410
Underprovision in prior years	<b>28</b>	—
	<b>493</b>	410
Depreciation and amortisation of property, plant and equipment	<b>12,425</b>	12,190
Amortisation of prepaid lease payments	<b>529</b>	523
Amortisation of intangible asset	<b>1,399</b>	700
Operating lease rentals in respect of rented premises	<b>9,760</b>	4,651
Bad debts (written back)/written off	<b>(1,379)</b>	590
Cost of inventories recognised as expense	<b>627,713</b>	579,662
Staff costs	<b>85,747</b>	76,676
Equity-settled share-based payment expense	<b>138</b>	—
Interests on bank loans wholly repayable within five years	<b>249</b>	—
Interests on other loans	<b>1</b>	15
Effective interest on convertible notes	<b>442</b>	908
	<b>692</b>	923
Rental income from investment properties, net of outgoings of HK\$101,000 (2011: HK\$71,000)	<b>(1,815)</b>	(1,397)
Net loss/(gain) on disposal of property, plant and equipment	<b>54</b>	(74)

**9. TAXATION**

	<b>THE GROUP</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current tax:		
Hong Kong	<b>16,237</b>	17,328
Other regions in the PRC	<b>2,135</b>	232
	<b>18,372</b>	17,560
Underprovision in prior years:		
Hong Kong	<b>402</b>	—
Deferred tax ( <i>Note 24</i> ):		
Current year's credit	<b>(636)</b>	(751)
Taxation attributable to the Company and its subsidiaries	<b>18,138</b>	16,809

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.

**9. TAXATION** *(Continued)*

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

	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Profit before taxation	<b>91,943</b>	162,945
Tax at the domestic income tax rate of 16.5% <i>(Note)</i>	<b>15,171</b>	26,886
Tax effect of expenses not deductible for tax purpose	<b>2,787</b>	3,267
Tax effect of income not taxable for tax purpose	<b>(4,051)</b>	(12,110)
Underprovision in respect of prior years	<b>402</b>	—
Tax effect of tax losses/deferred tax assets not recognised	<b>4,048</b>	1,946
Tax effect of utilisation of tax losses/deferred tax assets not previously recognised	<b>(2,786)</b>	(2,733)
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>988</b>	(369)
Tax effect of share of results of associates	<b>1,568</b>	(45)
Others	<b>11</b>	(33)
Taxation for the year	<b>18,138</b>	16,809

*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:**

	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Interim dividend paid of 1.2 cents per share on 1,686,906,458 shares (2011: 1.2 cents per share on 1,553,060,305 shares)	<b>20,243</b>	18,637
Final dividend proposed of 1.2 cents per share on 1,686,906,458 shares (2011: 1.2 cents per share on 1,553,060,305 shares)	<b>20,243</b>	18,637
	<b>40,486</b>	37,274

The final dividend of 1.2 cents per share for the year ended 31st March, 2012 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:**

	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Final dividend in respect of the previous financial year of 1.2 cents per share on 1,617,675,689 shares (2011: 1.2 cents per share on 1,553,060,305 shares):		
Approved and paid during the year	<b>18,637</b>	18,406
Additional final dividend payment for ordinary shares issued during the year	<b>775</b>	231
Interim dividend in respect of the current financial year, approved and paid during the year, of 1.2 cents per share on 1,686,906,458 shares (2011: 1.2 cents per share on 1,553,060,305 shares)	<b>20,243</b>	18,637
	<b>39,655</b>	37,274



**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:

	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Earnings for the purpose of basic earnings per share:		
Profit for the year attributable to shareholders of the Company	<b>72,119</b>	146,665
Effect of dilutive potential ordinary shares:		
Effective interest on convertible notes	<b>442</b>	908
<b>Earnings for the purpose of diluted earnings per share</b>	<b>72,561</b>	147,573

	<b>2012</b>	2011
Number of shares:		
Weighted average number of shares for the purpose of basic earnings per share	<b>1,621,067,871</b>	1,545,842,181
Effect of dilutive potential ordinary shares:		
Convertible notes	<b>65,838,587</b>	141,064,278
Share options	<b>39,089</b>	—
<b>Weighted average number of shares for the purpose of diluted earnings per share</b>	<b>1,686,945,547</b>	1,686,906,459

*Note:*

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares to assume conversion of all dilutive potential ordinary shares.

**12. PROPERTY, PLANT AND EQUIPMENT****For the year ended 31st March, 2012**

	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>
<b>THE GROUP</b>						
<b>COST</b>						
At 1st April, 2011	107,211	15,445	47,165	106,493	10,117	286,431
Additions	—	—	5,311	216	972	6,499
Disposals/written off	—	—	(298)	(228)	(276)	(802)
Exchange rate adjustments	—	590	168	879	117	1,754
At 31st March, 2012	107,211	16,035	52,346	107,360	10,930	293,882
<b>DEPRECIATION, AMORTISATION AND IMPAIRMENT</b>						
At 1st April, 2011	47,748	14,197	36,673	94,777	8,129	201,524
Provided for the year	3,254	996	4,293	2,964	918	12,425
Eliminated on disposals/written off	—	—	(272)	(228)	(220)	(720)
Exchange rate adjustments	—	555	144	771	101	1,571
At 31st March, 2012	51,002	15,748	40,838	98,284	8,928	214,800
<b>NET BOOK VALUES</b>						
At 31st March, 2012	56,209	287	11,508	9,076	2,002	79,082

**12. PROPERTY, PLANT AND EQUIPMENT** (Continued)**For the year ended 31st March, 2011**

	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>
<b>THE GROUP</b>						
<b>COST</b>						
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
<b>DEPRECIATION, AMORTISATION AND IMPAIRMENT</b>						
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
<b>NET BOOK VALUES</b>						
At 31st March, 2011	59,463	1,248	10,492	11,716	1,988	84,907

The net book values of properties shown above comprises:

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Land and buildings situated in Hong Kong:		
Held under long lease	<b>36,038</b>	36,987
Held under medium-term lease	<b>4,846</b>	5,061
Freehold land and building situated outside Hong Kong	<b>3,387</b>	3,474
Building situated in Hong Kong	<b>8,624</b>	10,449
Building situated outside Hong Kong	<b>3,314</b>	3,491
Factory premises situated outside Hong Kong:		
Held under medium-term lease	<b>287</b>	1,249
	<b>56,496</b>	60,711

**13. INVESTMENT PROPERTIES**

	<b>THE GROUP</b>	
	<b>2012</b>	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at beginning of the year	<b>64,457</b>	39,340
Addition	—	14,527
Surplus on revaluation	<b>4,820</b>	10,590
	<hr/>	
Balance at end of the year	<b>69,277</b>	64,457

The investment properties were revalued at 31st March, 2012 on an open market value basis by Dudley Surveyors Limited, independent Chartered Surveyors. The revaluation surplus of HK\$4,820,000 (2011: HK\$10,590,000) 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.

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

	<b>2012</b>	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Situated in Hong Kong:		
Held under long lease	<b>64,967</b>	60,007
Situated outside Hong Kong:		
Held under medium-term lease	<b>4,310</b>	4,450
	<hr/>	
	<b>69,277</b>	64,457

**14. INTANGIBLE ASSET**

	<b>THE GROUP</b>	
	<b>Licence</b>	
	<b>2012</b>	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>COST</b>		
Balance at 1st April	<b>31,600</b>	—
Acquisition of subsidiaries	—	31,600
<b>Balance at 31st March</b>	<b>31,600</b>	31,600
<b>AMORTISATION</b>		
Balance at 1st April	<b>700</b>	—
Charge for the year	<b>1,399</b>	700
<b>Balance at 31st March</b>	<b>2,099</b>	700
<b>NET BOOK VALUE</b>		
<b>Balance at 31st March</b>	<b>29,501</b>	30,900

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 under the income approach carried out at 12th October, 2010 by BMI Appraisals Limited, an independent qualified professional valuer, adopting the 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.

The excess earnings are the amounts of anticipated economic benefits that exceed the required rates of return on the contributory assets, including the non-current assets, the working capital and the workforce assembled, used to generate those anticipated economic benefits. In the valuation, the after-tax required rates of return on the net non-current assets, the net working capital and the workforce assembled of 15.3%, 8.28% and 27.39% respectively were adopted. The Management has tested the intangible asset for impairment on the same approach and basis at the end of the reporting period and concluded that no impairment is necessary.

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.

**15. INTERESTS IN SUBSIDIARIES**

	<b>THE COMPANY</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Unlisted shares, at cost	<b>280,229</b>	280,229
Advances to subsidiaries	<b>604,737</b>	605,652
	<b>884,966</b>	885,881

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, 2012 are as follows:

<b>Name of subsidiary</b>	<b>Place of incorporation/ operation</b>	<b>Issued and fully paid up share capital</b>	<b>Proportion of nominal value of issued share capital held by the Group</b>		<b>Principal activities</b>
			<b>2012</b>	<b>2011</b>	
Aland Limited	Hong Kong/ PRC	2 ordinary shares of HK\$1 each	<b>100%</b>	100%	Property investment
Beef Bowl Limited	Hong Kong	20,000 ordinary shares of HK\$10 each	<b>100%</b>	100%	Investment holding
Better Choice Investments Limited	British Virgin Islands	1 ordinary share of US\$1	<b>100%</b>	100%	Investment holding
Better Star Limited	British Virgin Islands/Hong Kong	1 ordinary share of US\$1	<b>100%</b>	100%	Property investment

**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
			2012	2011	
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
Citydragon Resources 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

**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
			2012	2011	
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
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%	100%	Investment holding
GR Vietnam Retails Limited	Hong Kong	1 ordinary share of HK\$1	100%	100%	Investment holding
Great Lead International Limited	British Virgin Islands	1 ordinary share of US\$1	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
			2012	2011	
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%	100%	Operation of restaurant
Red Circle Company Limited <sup>@</sup>	Vietnam	#VND500,000,000	100%	100%	Operation of convenience stores
Reo Developments Limited <sup>@@</sup>	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

**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
			2012	2011	
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**

	<b>THE GROUP</b>	
	<b>2012</b>	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted investments:		
Share of net assets	<b>58,455</b>	58,959
Goodwill on acquisition	<b>14,498</b>	14,498
	<b>72,953</b>	73,457
Financial guarantee ( <i>Note e</i> )	<b>6,820</b>	—
Advances to associates	<b>160,155</b>	165,230
Amounts due from associates of trade nature	<b>9,948</b>	—
	<b>249,876</b>	238,687

*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. As at 31st March, 2012, share of losses of associates did not exceed the equity investment (2011: exceeded by approximately HK\$1,282,000 and included in advances to associates).
- (c) The Directors consider that the recoverable amounts of interests in associates approximate their carrying amounts as at 31st March, 2012.
- (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, 2012.
- (e) The fair values of financial guarantee contracts were determined by BMI Appraisals Limited, an independent qualified professional valuer.

**16. INTERESTS IN ASSOCIATES** (Continued)

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

	<b>THE GROUP</b>	
	<b>2012</b>	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at beginning of the year	<b>14,498</b>	20,979
Derecognised during the year	—	(6,481)
<b>Balance at end of the year</b>	<b>14,498</b>	14,498

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, 2012 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
				2012	2011	
Dragon Fortune Ltd.	Incorporated	British Virgin Islands	57,895 ordinary shares of US\$1 each	<b>28.00%</b>	28.00%	Investment holding
Doublewood Resources Sdn. Bhd.	Incorporated	Malaysia	2 ordinary shares of RM1 each	<b>37.50%</b>	—	Property development and holding
GR Engineering Limited	Incorporated	British Virgin Islands	10,000 ordinary shares of US\$1 each	<b>40.00%</b>	40.00%	Investment holding

**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
				2012	2011	
Sirinomma Company Limited	Incorporated	Thailand	4,600,000 ordinary shares of Baht 10 each	<b>40.00%</b>	40.00%	Sourcing of rice
Starland Century Limited	Incorporated	Hong Kong	1,000 ordinary shares of HK\$1 each	<b>37.50%</b>	37.50%	Investment holding
Supreme Development Company Limited*	Incorporated	Hong Kong/ Hong Kong and PRC	15,001,500 ordinary shares of HK\$1 each	<b>41.16%</b>	41.16%	Manufacturing and sale of plastic bags
Wealthway Resources Sdn. Bhd.	Incorporated	Malaysia	2 ordinary shares of RM1 each	<b>37.50%</b>	37.50%	Property development and 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.

**16. INTERESTS IN ASSOCIATES** (Continued)

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

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Total assets	<b>1,186,708</b>	1,121,311
Total liabilities	<b>(967,150)</b>	(883,457)
	<b>219,558</b>	237,854
Non-controlling interests	<b>(63,086)</b>	(66,785)
	<b>156,472</b>	171,069
Group's share of net assets of associates	<b>58,455</b>	58,959
Revenue	<b>742,259</b>	678,556
Loss for the year	<b>(36,092)</b>	(4,060)
Group's share of current year's results of associates as at the end of the reporting period	<b>(9,504)</b>	273

**17. AVAILABLE-FOR-SALE INVESTMENTS**

	<b>THE GROUP</b>	
	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Equity securities:		
Listed in Hong Kong	<b>1,434</b>	1,635
Unlisted	<b>29,968</b>	35,605
	<b>31,402</b>	37,240
Debt securities:		
Unlisted	<b>9,864</b>	—
Other unlisted securities	<b>8,631</b>	8,314
	<b>49,897</b>	45,554

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	
	2012	2011
	HK\$'000	HK\$'000
Leasehold land situated in Hong Kong:		
Held under medium-term lease	13,674	14,061
Leasehold land situated outside Hong Kong:		
Held under medium-term lease	4,361	4,333
Held under long lease	290	296
	<b>18,325</b>	<b>18,690</b>

## 19. INVENTORIES

	THE GROUP	
	2012	2011
	HK\$'000	HK\$'000
At cost:		
Raw materials	116,207	103,070
Finished goods	22,716	17,637
Consumable stores	7,900	6,683
	<b>146,823</b>	<b>127,390</b>

None of the inventories were carried at net realizable value at the end of the reporting period (2011: 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:

	<b>THE GROUP</b>	
	<b>2012</b>	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	<b>50,542</b>	47,169
31-60 days	<b>29,839</b>	30,333
61-90 days	<b>12,383</b>	8,872
Over 90 days	<b>7,774</b>	3,968
	<b>100,538</b>	90,342

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, 2012, trade debtors over 90 days amounted to HK\$7,774,000 (2011: HK\$3,968,000) were past due but not impaired as the balances were related to debtors with sound repayment history and no recent history of default.

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

	<b>THE GROUP</b>	
	<b>2012</b>	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at beginning of the year	<b>1,712</b>	1,902
(Decrease)/increase in allowance recognised in consolidated income statement	<b>(1,379)</b>	590
Amount written off as uncollectible	<b>(247)</b>	(780)
Balance at end of the year	<b>86</b>	1,712

**21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>THE GROUP</b>	
	<b>2012</b>	<b>2011</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Equity securities:		
Listed in Hong Kong	<b>78,038</b>	62,128
Listed outside Hong Kong	<b>5,863</b>	6,521
	<b>83,901</b>	68,649
Debt securities:		
Listed in Hong Kong	<b>3,137</b>	—
Listed outside Hong Kong	<b>130,197</b>	106,558
Unlisted	<b>30,688</b>	30,584
	<b>164,022</b>	137,142
Other unlisted securities	<b>40,920</b>	23,620
	<b>288,843</b>	229,411

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:

	<b>THE GROUP</b>	
	<b>2012</b>	<b>2011</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	<b>11,793</b>	3,608
31-60 days	<b>106</b>	107
61-90 days	<b>64</b>	66
Over 90 days	<b>449</b>	21
	<b>12,412</b>	3,802

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

**23. BANK LOANS**

	<b>THE GROUP</b>	
	<b>2012</b>	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
The maturity of the bank loans is as follows:		
Amounts due within one year shown under current liabilities	<b>21,702</b>	—
Analysed as:		
Secured	<b>16,770</b>	—
Unsecured	<b>4,932</b>	—
	<b>21,702</b>	—

At the end of the reporting period, except for a bank loan denominated in Renminbi equivalent to HK\$4,932,000 (2011: Nil) at interest rate of approximately 7.3% per annum, the remaining bank loan was denominated in Hong Kong dollar at interest rate of approximately 1.3% per annum and secured by the Group's cash balance of approximately HK\$129,000 and financial assets of approximately HK\$27,945,000 (2011: Nil).

The Directors consider that the carrying amounts of the Group's bank loans approximate their fair values.

**24. DEFERRED TAX LIABILITIES**

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

	<b>THE GROUP</b>
	<b>Accelerated tax depreciation</b>
	<i>HK\$'000</i>
At 31st March, 2010	3,385
Credit to income for the year	(751)
At 31st March, 2011	2,634
Credit to income for the year	(636)
At 31st March, 2012	1,998

At the end of the reporting period, the Group has unused tax losses of approximately HK\$12,595,000 (2011: HK\$23,773,000) 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.

## 25. 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, 2012 and pursuant to the conversion rights attached to the 2009 Notes, part of the 2009 Notes with principal amounts of HK\$16,800,000 and HK\$18,000,000 were converted into the Company’s ordinary shares at the conversion price of HK\$0.26 per share on 14th July, 2011 and 8th December, 2011 respectively (the “Share Conversion”). The Company issued an aggregate of 133,846,153 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\$33,763,000 and HK\$1,037,000 respectively; and increases in share capital and share premium by approximately HK\$13,385,000 and HK\$21,415,000 respectively.

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

	<b>THE GROUP AND THE COMPANY</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Balance at beginning of the year	<b>34,237</b>	38,924
Conversion	<b>(33,763)</b>	(4,851)
Effective interest ( <i>Note 8</i> )	<b>442</b>	908
Interest paid	<b>(916)</b>	(744)
Balance at end of the year	<b>—</b>	<b>34,237</b>

**26. SHARE CAPITAL**

	Number of shares of HK\$0.10 each	<i>HK\$'000</i>
Authorised		
At 1st April, 2010, 31st March, 2011 and 31st March, 2012	3,000,000,000	300,000
Issued and fully paid		
At 1st April, 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
Issue of ordinary shares on 14th July, 2011 and 8th December, 2011 pursuant to the exercise of the conversion rights attached to the convertible notes	133,846,153	13,385
At 31st March, 2012	1,686,906,458	168,691

On 14th July, 2011 and 8th December, 2011, the convertible notes with principal amounts of HK\$16,800,000 and HK\$18,000,000 respectively were converted into the Company's shares at a conversion price of HK\$0.26 per share. The Company issued an aggregate of 133,846,153 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.

**27. 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.

The fair value of the share options was determined using the Black-Scholes option pricing model. Where relevant, the expected life used in the model has been adjusted based on the Management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions to the option), and behavioural considerations. Expected volatility was based on the historical share price volatility over the past 1 year.

The variables and assumptions used in computing the fair value of the share options were based on the Management's best estimate. The value of an option varies with different variables of certain subjective assumptions.

**27. SHARE OPTIONS** *(Continued)*

As at 31st March, 2012, the number of shares in respect of which options had been granted but not exercised under the Scheme was 17,000,000, representing approximately 1% of the shares of the Company in issue at that date. 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 168,690,645 shares, representing approximately 10% of the issued share capital of the Company 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.

**27. SHARE OPTIONS** *(Continued)*

The following table discloses details of the Company's share options held by employees (including Directors) during the year:

	Grant date	Validity period	Exercise price for one share (Note 1) HK\$	Balance outstanding at 1st April, 2011	Granted during the year	Exercised during the year	Balance outstanding at 31st March, 2012
Director	13th October, 2011	13th October, 2011 — 25th August, 2018 (Note 2)	0.41	—	5,000,000	—	5,000,000
Total				—	5,000,000	—	5,000,000
Employees	13th October, 2011	13th October, 2011 — 25th August, 2018 (Note 3)	0.41	—	6,000,000	—	6,000,000
	21st December, 2011	21st December, 2011 — 25th August, 2018 (Note 3)	0.376	—	6,000,000	—	6,000,000
Total				—	12,000,000	—	12,000,000
Grand total				—	17,000,000	—	17,000,000

*Notes:*

1. The exercise price of the share options to subscribe for one ordinary share is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
2. The option to subscribe for ordinary share is exercisable during the validity period, subject to the vesting scale as follows:
  - (i) up to 50% or partial exercise of the 5,000,000 ordinary shares exercisable after the 2nd year of the date of acceptance of the option; and
  - (ii) up to 100% or partial exercise of the 5,000,000 ordinary shares exercisable after the 4th year of the date of acceptance of the option.

## 27. SHARE OPTIONS *(Continued)*

*Notes: (Continued)*

3. The option to subscribe for ordinary share is exercisable during the validity period, subject to the vesting scale as follows:
- (i) up to 33.33% or partial exercise of the 6,000,000 ordinary shares exercisable after the 2nd year of the date of acceptance of the options; and
  - (ii) up to 66.67% or partial exercise of the 6,000,000 ordinary shares exercisable after the 3rd year of the date of acceptance of the options; and
  - (iii) up to 100% or partial exercise of the 6,000,000 ordinary shares exercisable after the 4th year of the date of acceptance of the options.

Save as disclosed above, no option was granted, exercised, lapsed or cancelled during both years or remained outstanding as at 31st March, 2012 and 31st March, 2011.

## 28. 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 49 to 50 of the financial statements.



**28. RESERVES** (Continued)**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>	Share options 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, 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
Profit for the year	—	—	—	—	—	—	39,069	39,069
Equity-settled share-based payment expense	—	—	—	—	138	—	—	138
Issue of ordinary shares pursuant to conversion of convertible notes	21,415	—	—	(1,037)	—	—	—	20,378
Prior year final dividend paid	—	—	—	—	—	(18,637)	(775)	(19,412)
Interim dividend paid	—	—	—	—	—	—	(20,243)	(20,243)
Final dividend proposed for the year ended 31st March, 2012	—	—	—	—	—	20,243	(20,243)	—
At 31st March, 2012	449,540	216,596	515	—	138	20,243	29,428	716,460

**28. 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:

	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Contributed surplus	<b>216,596</b>	216,596
Dividend reserve	<b>20,243</b>	18,637
Retained earnings	<b>29,428</b>	31,620
	<b>266,267</b>	266,853

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.

**29. 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. As at 31st March, 2012, share of losses by non-controlling shareholders did not exceed the equity investment (2011: exceeded by approximately HK\$498,000 and included in advances from non-controlling shareholders).

**30. PLEDGE OF ASSETS**

At the end of the reporting period, the Group pledged cash balance of approximately HK\$6.7 million (2011: HK\$15.4 million) and financial assets of approximately HK\$130.1 million (2011: HK\$107.4 million) to secure general credit facilities granted to a subsidiary.

**31. DIRECTORS' AND EMPLOYEES' EMOLUMENTS****(a) Directors' emoluments**

	2012 HK\$'000	2011 HK\$'000
Fees	220	240
Basic salaries, allowances and benefits in kind	9,516	8,889
Retirement benefits scheme contributions	296	282
Bonus paid	1,644	5,158
Share-based payment expense ( <i>Note</i> )	50	—
	<b>11,726</b>	<b>14,569</b>

Name of director	Fees		Other emoluments			2012 Total HK\$'000	2011 Total HK\$'000
	HK\$'000	Basic salaries, allowances and benefits in kind HK\$'000	Retirement benefits scheme contributions HK\$'000	Bonus paid HK\$'000	Share-based payment expense HK\$'000		
<b>Executive Director</b>							
Mr. Alvin Leslie LAM Kwing Wai	—	2,585	58	548	—	3,191	5,169
Mr. Anthony LAM Sai Ho	—	2,008	48	365	—	2,421	3,765
Madam LAM Kit Woo	—	1,676	59	183	—	1,918	1,718
Mr. Laurent LAM Kwing Chee	—	1,944	84	183	—	2,211	2,091
Mr. TSANG Siu Hung	—	1,303	47	365	50	1,765	1,586
<b>Independent Non-executive Director</b>							
Mr. John WONG Yik Chung	90	—	—	—	—	90	80
Mr. Richard LAU Siu Sun	90	—	—	—	—	90	80
Mr. Leo CHAN Fai Yue (resigned on 14th July, 2011)	40	—	—	—	—	40	80
Mr. LAM Ping Cheung (appointed on 28th September, 2011)	—	—	—	—	—	—	—
<b>2012 Total</b>	<b>220</b>	<b>9,516</b>	<b>296</b>	<b>1,644</b>	<b>50</b>	<b>11,726</b>	<b>14,569</b>
<b>2011 Total</b>	<b>240</b>	<b>8,889</b>	<b>282</b>	<b>5,158</b>	<b>—</b>	<b>14,569</b>	

*Note:*

Share-based payment expense represents the estimated value of share options granted to the Directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions. The details of these benefits in kind, including the principal terms and number of options granted, are disclosed in the Report of the Directors and note 27 under sections heading "Share Options".

**31. DIRECTORS' AND EMPLOYEES' EMOLUMENTS** *(Continued)***(b) Employees' emoluments**

The five highest paid employees during the year included four (2011: four) directors, details of whose remunerations are set out in note 31(a) above. The remunerations paid to the five highest paid employees are as follows:

	<b>2012</b>	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Basic salaries, allowances and benefits in kind	<b>10,122</b>	9,596
Retirement benefits scheme contributions	<b>341</b>	325
Bonus paid	<b>2,904</b>	6,897
	<b>13,367</b>	16,818

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

<i>HK\$</i>	<b>No. of persons</b>	
	<b>2012</b>	2011
1,500,001 — 2,000,000	<b>1</b>	1
2,000,001 — 2,500,000	<b>2</b>	1
3,000,001 — 3,500,000	<b>1</b>	—
3,500,001 — 4,000,000	<b>1</b>	1
4,000,001 — 4,500,000	—	1
5,000,001 — 5,500,000	—	1
	<b>5</b>	5

**32. RELATED PARTY TRANSACTIONS**

During the year, the Group entered into the following transactions with the associates and related parties, some of which are also deemed to be connected persons pursuant to the Listing Rules:

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Net amount of trade purchases from and sharing of administrative services on a cost basis with associates ( <i>Notes a, b</i> )	<b>192,402</b>	204,525
Net amount of trade purchases from related party ( <i>Notes a, c</i> )	<b>1,250</b>	—
Net amount of sharing of administrative services on a cost basis with related parties ( <i>Notes b, d</i> )	<b>616</b>	153
Net amount of services rendered by related party ( <i>Note e</i> )	<b>200</b>	—

*Notes:*

- a. The trade purchases were carried out in the ordinary course of business and at prices determined by reference to prevailing market price.
- b. The costs of administrative services were allocated to the parties involved on a cost basis.
- c. Related party is related to the Group as this party is the substantial shareholder of a non-wholly owned subsidiary of the Company.
- d. Related parties are related to the Group as they are under the common control with a common director of wholly-owned subsidiaries of the Company.
- e. Related party is related to the Group as one of the partners of this party has been appointed as the Independent Non-executive Director of the Company since 28th September, 2011.

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 (2011: HK\$960,000).

**Remuneration for key management personnel**

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

	<b>THE GROUP</b>	
	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Short-term employee benefits	<b>14,914</b>	18,274
Post-employment employee benefits	<b>388</b>	370
Share-based payment expense	<b>50</b>	—
	<b>15,352</b>	18,644

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.

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 33(c).

**33. 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**

	<b>THE GROUP</b>	
	<b>2012</b>	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Acquisition of plant and equipment	<b>2,087</b>	6,332
Capital contribution for an available-for-sale investment	<b>20,400</b>	20,400
Capital contribution for a joint venture company	<b>12,778</b>	12,879
	<b>35,265</b>	39,611

In accordance with an agreement entered into between the licensor and a wholly-owned subsidiary of the Company, this subsidiary has to open and operate the minimum number of convenience stores in Vietnam within the specified time frame as stipulated therein.

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:

	<b>THE GROUP</b>	
	<b>2012</b>	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	<b>8,793</b>	7,264
In the second to fifth year inclusive	<b>10,904</b>	11,784
After five years	<b>4,117</b>	3,966
	<b>23,814</b>	23,014

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

**33. COMMITMENTS AND CONTINGENT LIABILITIES** (Continued)**(b) Operating lease commitments** (Continued)**The Group as lessor**

Property rental income earned during the year was HK\$1,916,000 (2011: HK\$1,468,000). 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	
	2012	2011
	HK\$'000	HK\$'000
Within one year	1,681	1,635
In the second to fifth year inclusive	447	667
	<b>2,128</b>	<b>2,302</b>

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

**(c) Contingent liabilities and financial guarantees issued**

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Guarantees given in respect of banking facilities made available to:				
— subsidiaries	—	—	134,826	104,000
— associates	85,251	86,357	85,251	86,357
	<b>85,251</b>	<b>86,357</b>	<b>220,077</b>	<b>190,357</b>

**33. COMMITMENTS AND CONTINGENT LIABILITIES** *(Continued)***(c) Contingent liabilities and financial guarantees issued** *(Continued)*

At the end of the reporting period, the extent of guaranteed banking facilities utilised by the subsidiaries and the associates amounted to approximately HK\$4,932,000 (2011: Nil) and HK\$66,592,000 (2011: HK\$38,405,000) respectively.

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.

**34. RETIREMENT BENEFITS SCHEMES**

	<b>THE GROUP</b>	
	<b>2012</b>	<b>2011</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Retirement benefits schemes contributions	<b>2,302</b>	2,094
<i>Less: Forfeited contributions</i>	<b>(33)</b>	(5)
	<b>2,269</b>	2,089

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.



#### **34. RETIREMENT BENEFITS SCHEMES** *(Continued)*

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.

#### **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) Interest rate risk management**

The Group's cash flow interest rate risk relates primarily to variable-rate bank loans. It is the Group's policy to keep its borrowings at floating rate of interest so as to minimise the fair value interest rate risk. The Group's exposure to cash flow interest risk is minimal.

The Group currently does not use any derivative contracts to hedge its exposure to fair value interest rate risk. However, the Management will consider hedging significant interest rate risk exposure should the need arise.

The sensitivity analyses below have been determined based on the exposure to interest rate risk for derivative and non-derivative instruments at the end of the reporting period. The analyses are prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. Increase or decrease in interest rate by 100 basis points (2011: 100 basis points) is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates.

If interest rates were 100 basis points (2011: 100 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31st March, 2012 would increase/decrease by approximately HK\$217,000 (2011: Nil). This is mainly attributable to the Group's exposure to interest rate risk on its variable rate borrowings.

**35. FINANCIAL INSTRUMENTS — FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** *(Continued)***(b) 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	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Renminbi	161,788	111,675	20,488	6,987
Vietnamese Dong	25,164	12,093	4,291	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% and 8% increase and decrease in Hong Kong dollar against Renminbi and Vietnamese Dong respectively. 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	
	2012	2011
	HK\$'000	HK\$'000
Impact of Renminbi	7,065	5,234
Impact of Vietnamese Dong	1,670	755

**(c) 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.

**35. FINANCIAL INSTRUMENTS — FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** *(Continued)***(c) Capital risk management** *(Continued)*

The Group monitors capital management on the basis of debt-to-equity ratio. The Group had cash balance of HK\$176,234,000 (2011: HK\$206,370,000) and outstanding bank loans amounted to HK\$21,702,000 (2011: convertible notes amounted to HK\$34,237,000) 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:

	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Total debts:		
Bank loans	<b>21,702</b>	—
Convertible notes	—	34,237
	<b>21,702</b>	34,237
Shareholders' equity	<b>1,158,634</b>	1,083,313
Debt-to-equity ratio	<b>1.9%</b>	3.2%

**(d) 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)**(e) 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, 2012, the Group's net current assets amounted to HK\$683,320,000 (2011: HK\$650,400,000) with current ratio, calculated as current assets divided by current liabilities, at approximately 8.1 times (2011: 12.66 times). Together with cash balance of HK\$176,234,000 (2011: HK\$206,370,000), the Group is in sound financial position to meet the capital requirements of the Group's operations and developments in the near future.

	THE GROUP					
	At 31st March, 2012					
	Weighted average effective interest rate %	Within 1 month or on demand HK\$'000	More than 1 month but less than 3 months HK\$'000	More than 3 months but less than 1 year HK\$'000	Total contractual undiscounted cash flow HK\$'000	Total carrying amount HK\$'000
Trade creditors	—	11,793	170	449	12,412	12,412
Other creditors and accruals	—	26,660	—	—	26,660	26,660
Financial guarantee contracts	—	6,820	—	—	6,820	6,820
Bank loans	2.7%	—	16,824	5,113	21,937	21,702
		45,273	16,994	5,562	67,829	67,594

	THE GROUP						
	At 31st March, 2011						
	Weighted average effective interest rate %	Within 1 month or on demand HK\$'000	More than 1 month but less than 3 months HK\$'000	More than 3 months but less than 1 year HK\$'000	More than 1 year but less than 5 years HK\$'000	Total contractual undiscounted cash flow HK\$'000	Total carrying amount HK\$'000
Trade creditors	—	3,608	173	21	—	3,802	3,802
Other creditors and accruals	—	20,226	—	—	—	20,226	20,226
Convertible notes	2.6%	—	—	696	36,192	36,888	34,237
		23,834	173	717	36,192	60,916	58,265

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

***Financial assets***

	<b>THE GROUP</b>			
	<b>At 31st March, 2012</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Available-for-sale investments:				
Listed equity securities	1,434	—	—	1,434
Unlisted equity securities	—	—	29,968	29,968
Unlisted debt securities	—	—	9,864	9,864
Other unlisted securities	—	—	8,631	8,631
Financial assets at fair value through profit or loss:				
Listed equity securities	83,901	—	—	83,901
Listed debt securities	133,334	—	—	133,334
Unlisted debt securities	—	30,688	—	30,688
Other unlisted securities	—	10,094	30,826	40,920
	<b>218,669</b>	<b>40,782</b>	<b>79,289</b>	<b>338,740</b>

**35. FINANCIAL INSTRUMENTS — FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (Continued)**(f) Fair value** (Continued)**Financial assets** (Continued)

	THE GROUP			Total HK\$'000
	At 31st March, 2011			
	Level 1 HK\$'000	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

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 2012 HK\$'000
Balance at beginning of the year	55,795
Additions	40,691
Disposals	(17,513)
Exchange rate adjustments	317
Balance at end of the year	79,290

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

### (f) 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.

### (g) 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, 2012, 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\$1,434,000 (2011: HK\$1,635,000) and HK\$258,017,000 (2011: HK\$217,535,000) respectively. For sensitivity analysis purpose, a 15% change (2011: 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\$215,000 (2011: HK\$245,000) and HK\$38,703,000 (2011: HK\$32,630,000) respectively.

## 36. COMPARATIVE FIGURES

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

Particulars of investment properties are as follows:

<b>Location</b>	<b>Term</b>	<b>Usage</b>	<b>Percentage held by the Group</b>
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,				
	2008	2009	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>RESULTS</b>					
Turnover	556,864	757,717	743,038	844,034	<b>939,521</b>
Profit/(loss) before taxation	24,423	(161,463)	186,164	162,945	<b>91,943</b>
Taxation	(15,520)	(7,500)	(11,804)	(16,809)	<b>(18,138)</b>
Profit/(loss) for the year	8,903	(168,963)	174,360	146,136	<b>73,805</b>
Attributable to:					
Shareholders of the Company	8,722	(167,632)	174,553	146,665	<b>72,119</b>
Non-controlling interests	181	(1,331)	(193)	(529)	<b>1,686</b>
	8,903	(168,963)	174,360	146,136	<b>73,805</b>
Dividends	38,690	28,138	36,581	37,274	<b>40,486</b>
<b>ASSETS AND LIABILITIES</b>	As at 31st March,				
	2008	2009	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total assets	1,158,855	920,126	1,081,534	1,189,367	<b>1,275,496</b>
Total liabilities	(148,143)	(123,200)	(98,413)	(92,643)	<b>(98,216)</b>
Non-controlling interests	(13,057)	(12,314)	(12,169)	(13,411)	<b>(18,646)</b>
Shareholders' equity	997,655	784,612	970,952	1,083,313	<b>1,158,634</b>