

GOLDEN  
RESOURCES

Annual  
Report

2010



GOLDEN RESOURCES  
DEVELOPMENT INTERNATIONAL LIMITED  
(Stock Code: 677)

Incorporated in Bermuda with Limited Liability

# Annual Report 2010

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### **BOARD OF DIRECTORS**

#### **Executive Directors**

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

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

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

### **QUALIFIED ACCOUNTANT**

TSANG Siu Hung

### **COMPANY SECRETARY**

LEUNG Chi Keung

### **AUDITORS**

HLM & Co.  
Certified Public Accountants

### **PRINCIPAL BANKER**

The Hongkong & Shanghai Banking  
Corporation Limited

### **REGISTERED OFFICE**

Clarendon House, 2 Church Street  
Hamilton HM11, Bermuda

### **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA**

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

### **BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG**

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

### **HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS**

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

### **COMPANY WEBSITE**

<http://www.grdil.com>

### **STOCK CODE**

The Stock Exchange of Hong Kong  
Limited: 677



On behalf of the Board of Directors, I have pleasure in presenting the audited consolidated results of Golden Resources Development International Limited ("the Company") and its subsidiaries ("the Group") for the year ended 31st March, 2010.

### **BUSINESS REVIEW AND PROSPECTS**

I am pleased to report to the shareholders that the Group delivered an encouraging result for the year under review with the profits attributable to the shareholders amounting to HK\$174,553,000. This encouraging performance was attributable to the share of profits to the extent of HK\$76 million from our Malaysia associate arising from the gain on the partial disposal of its property under development and the gains on the Group's financial assets as benefited from the improvement of the global financial markets.

For the year under review, the operating environment for the core rice business in Hong Kong was still tough and challenging. The Group continued to face the intense competition among major supermarket chains and the volatility of rice cost. To weather these challenges, the Group actively deepened its market penetration into distribution channels, strictly maintained cost control measures and effectively enhanced operational efficiencies, so as to sustain the profitability of the Group.

With regard to the business development in Vietnam, the Group is confident in its long-term prospect and the tremendous market potential. The Group considered that as an emerging market, Vietnam will need infrastructure improvements to support the economic activities and development. In June 2009, the Group signed an agreement to build and transfer water distribution network in Vietnam. The development of this project has commenced. We believe that this project will bring in satisfactory return to the Group and Vietnam market will become the new income streams in the long term. In May 2010, the Group decided to dispose its entire interest in an associate, GR Vietnam Holdings Limited, as its development of the Vietnam projects and the overall financial performance did not meet the expectation of the Group. The disposal has given the Group the opportunity to exit this investment. The Group is cautious in identifying potential investment projects to capture the investment opportunities there.

Notwithstanding that the investment environment has begun to improve since the beginning of the year, the global financial markets remain volatile. The Group continues to closely monitor the performance of the investment portfolios and is confident that the investment portfolios will deliver results and add value to the shareholders. At the Group treasury level, the Company issued 126,923,076 new shares during the year under review, being the issue of new shares upon the exercise of the conversion rights attached to the convertible notes issued in March 2009. This has broadened our shareholder base and reinforced our capital strength.

Looking ahead, the Group will remain committed to the development of our core rice business. With the net cash position of HK\$245 million and a solid balance sheet, the Group is well equipped to explore investment opportunities for future growth and better value for shareholders, and has strong confidence in its long term prospects.

### **FINAL DIVIDEND**

The Directors have resolved to recommend payment of a final dividend of 1.2 cents per share (2009: 1 cent per share) for the year ended 31st March, 2010 to shareholders on the Register of Members of the Company on Tuesday, 31st August, 2010. Together with the interim dividend of 1.2 cents per share paid on Friday, 15th January, 2010, the total dividends for the year will be 2.4 cents per share (2009: 2 cents per share).

Subject to the approval of shareholders at the forthcoming Annual General Meeting, the dividend warrants will be dispatched to shareholders on or about Tuesday, 7th September, 2010.

### **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Wednesday, 25th August, 2010 to Tuesday, 31st August, 2010, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the proposed final dividend and be eligible to attend and vote at the forthcoming annual general meeting of the Company, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tricor Standard Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 24th August, 2010.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SHARES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the year.

On behalf of the Board

**Alvin Leslie LAM Kwing Wai**

*Chairman*

Hong Kong, 20th July, 2010

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 Code of Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as its own code on corporate governance practices. The Company has complied with the Code throughout the financial year ended 31st March, 2010 with deviation from code provision A.2.1 of the Code:

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

### **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by directors. All directors have confirmed, following specific enquiry by the Company, that they fully complied with the required standard as set out in the Model Code throughout the financial year ended 31st March, 2010.

### **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 judgement to the Board.

The composition of the Board of the Company for the year ended 31st March, 2010 and up to the date of this report were:

**Executive Directors:**

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

**Independent Non-executive Directors:**

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

Mr. Alvin Leslie LAM Kwing Wai, Chairman and Managing Director of the Company, is the brother of Madam Rosita YUEN LAM Kit Woo and Mr. Laurent LAM Kwing Chee, executive directors of the Company, and the uncle of Mr. Anthony LAM Sai Ho, Vice Chairman of the Company. The biographical details and relationships among members of the Board are set out on pages 17 to 19 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, 2010, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

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

**Function**

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



The Board held four regular Board meetings at approximately quarterly interval during the year ended 31st March, 2010. 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 have access to board papers and the related materials.

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

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

### **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

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

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

## **NON-EXECUTIVE DIRECTORS**

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

## **REMUNERATION OF DIRECTORS**

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

The members of the remuneration committee for the year ended 31st March, 2010 comprise four members, of which three are independent non-executive directors, Mr. Leo CHAN Fai Yue (chairman of remuneration committee), Mr. John WONG Yik Chung, Mr. Richard LAU Siu Sun and one is executive director, Mr. Alvin Leslie LAM Kwing Wai.

The principal duties of the Remuneration Committee include:

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

# Annual Report 2010

## Corporate Governance Report

The Remuneration Committee held two meetings during the year ended 31st March, 2010 to discuss remuneration related matters. The individual attendance of each member was as follows:

<b>Name of Director</b>	<b>Number of Attendance</b>
Mr. Leo CHAN Fai Yue <i>(Chairman of the remuneration committee)</i>	2/2
Mr. Alvin Leslie LAM Kwing Wai	2/2
Mr. John WONG Yik Chung	2/2
Mr. Richard LAU Siu Sun	2/2

During the year ended 31st March, 2010, the summary of work performed by the Remuneration Committee was as follows:

- reviewed the remuneration policy for 2009/2010;
- reviewed and updated the existing director's fee; and
- reviewed the remuneration of the executive directors and the independent non-executive directors.

### **NOMINATION OF DIRECTORS**

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

### **AUDITORS' REMUNERATION**

During the year ended 31st March, 2010, the total audit fee of the Group amounted to approximately HK\$394,000. Non-audit service fee for the year amounted to approximately HK\$227,000.

## AUDIT COMMITTEE

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

The members of the Audit Committee for the year ended 31st March, 2010 comprise three independent non-executive directors, Mr. John WONG Yik Chung (chairman of audit committee), Mr. Leo CHAN Fai Yue, and Mr. Richard LAU Siu Sun.

The Audit Committee's primary functions include:

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

The Audit Committee held two meetings during the year ended 31st March, 2010. The attendance of each member is set out as follows:

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

During the year ended 31st March, 2010, the summary of work performed by the Audit Committee was as follows:

- review of the financial statement for the year ended 31st March, 2009 and for the six months ended 30th September, 2009;
- review and discussion of the audit findings with the auditors and review of the annual result announcement;
- review and consideration of various accounting issues and new standards and their financial impact; and
- consideration of the audit fee and audit work for the year.

### **DIRECTORS' RESPONSIBILITIES FOR PREPARING THE FINANCIAL STATEMENTS**

The Directors are responsible for overseeing the preparation of accounts for each financial period with a view to ensuring such accounts give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. The Company's accounts are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgement 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 30 to 31 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.



## **COMMUNICATION WITH SHAREHOLDERS**

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

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

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

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

Details of the poll voting procedures are included in the Company's circulars convening a general meeting. Where necessary, the detailed procedures for conducting a poll will be explained at the meeting. The results on any voting conducted by poll will be published on the business day following the shareholders' meeting and posted on the websites of the Stock Exchange and the Company.

# Annual Report 2010

## Report of the Directors

The Directors present their annual report and the audited financial statements for the year ended 31st March, 2010.

### **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 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, 2010 are set out in notes 14 and 15 to the financial statements.

### **RESULTS AND APPROPRIATION**

The results of the Group for the year ended 31st March, 2010 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 32 to 100.

An interim dividend of 1.2 cents per share amounting to approximately HK\$18,175,000 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, 31st August, 2010 amounting to approximately HK\$18,406,000.

### **SHARE PREMIUM AND RESERVES**

Details of movements in the reserves of the Company and the Group during the year are set out in note 26 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 102 of the annual report.

### **INVESTMENT PROPERTIES**

The Group revalued all of its investment properties at 31st March, 2010. The revaluation surplus of HK\$1,790,000 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 24 to the financial statements.

## **CONVERTIBLE NOTES**

Details of movements during the year in the convertible notes of the Company are set out in note 23 to the financial statements.

## **PRE-EMPTIVE RIGHTS**

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

## **DIRECTORS**

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

### **Executive Directors:**

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

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

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

In accordance with the Company's Bye-Laws, Mr. Alvin Leslie LAM Kwing Wai, Madam Rosita YUEN LAM Kit Woo and Mr. TSANG Siu Hung shall retire by rotation and, being eligible, offer themselves for re-election.

Each of the independent non-executive directors confirmed his independence with the Company pursuant to Rule 3.13 of the Listing Rules. The Company considered all the independent non-executive directors are independent.

### **DIRECTORS** *(Continued)*

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

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

### **SERVICE CONTRACTS OF DIRECTORS**

Mr. Alvin Leslie LAM Kwing Wai, the Chairman and Managing Director, had entered into service contract with the Company for an initial term of three years commencing on 1st January, 1991. The service contract remains effective after the expiry date unless terminated by either party with six months' notice in writing. As at 31st March, 2010, 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 65, 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. On 30th December, 2009, Mr. Lam resigned as executive director and Chairman of Prosperity Investment Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange. Mr. Lam is currently an independent non-executive director of Regal Portfolio Management Limited whom is the manager of Regal Real Estate Investment Trust, a Hong Kong collective investment scheme authorized under section 104 of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) and the units of which are listed on the Main Board of the Stock Exchange. Mr. Lam is the brother of Madam Rosita YUEN LAM Kit Woo and Mr. Laurent LAM Kwing Chee, and the uncle of Mr. Anthony LAM Sai Ho.

Anthony LAM Sai Ho, aged 43, 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 director of GR Vietnam Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 139). Mr. Lam is an Executive Committee Member of the Customer Liaison Group for Rice under the Trade and Industry Department in Hong Kong, and the Executive Committee Member of the Federation of Hong Kong Industries. He had been awarded the Ap Bac Medal from the Vietnam Government in recognition of his contribution to the rice industry in Vietnam. Apart from being active members in different business chambers and associations around the world, Mr. Lam is also a regular speaker in major international conferences. Mr. Lam is the nephew of Mr. Alvin Leslie LAM Kwing Wai, Madam Rosita YUEN LAM Kit Woo and Mr. Laurent LAM Kwing Chee.



### **BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT STAFF**

*(Continued)*

#### **1. Directors** *(Continued)*

Rosita YUEN LAM Kit Woo, aged 64, Executive Director and Treasurer of the Company. She graduated from the University of California, Los Angeles, U.S.A. with a B.A. in Economics and joined the Group in 1991. Madam Yuen has extensive experience in banking and trading. Madam Yuen is the sister of Mr. Alvin Leslie LAM Kwing Wai and Mr. Laurent LAM Kwing Chee, and the aunt of Mr. Anthony LAM Sai Ho.

Laurent LAM Kwing Chee, aged 63, Executive Director of the Company. He graduated from the Eastern Illinois University, U.S.A. with a bachelor degree in Economics and joined the Group in 1991. Mr. Lam has extensive experience in property development and investment. Mr. Lam is the brother of Mr. Alvin Leslie LAM Kwing Wai and Madam Rosita YUEN LAM Kit Woo, and the uncle of Mr. Anthony LAM Sai Ho.

TSANG Siu Hung, aged 55, Executive Director and Financial Controller of the Company. He holds a bachelor degree in Accountancy and is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He joined the Group in 1985. Mr. Tsang has extensive professional experience in finance, accounting and auditing fields.

Leo CHAN Fai Yue, aged 69, was appointed as an Independent Non-executive Director of the Company in 1999. Mr. Chan has over 30 years of invaluable experience in Hong Kong stock market and manufacturing industry. During his early years in Japan, he was exposed to the trading and finance field. On 22nd December, 2009, he resigned as independent non-executive director of Prosperity Investment Holdings Limited, which is a listed company in Hong Kong. He is an independent non-executive director of Datronix Holdings Limited, which is a listed company in Hong Kong, and a director of a paint manufacturing company in Bangkok. Mr. Chan is a member of The Hong Kong Institution of Directors.

## **BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT STAFF**

*(Continued)*

### **1. Directors** *(Continued)*

John WONG Yik Chung, aged 43, 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, CDW Holdings Limited and General Steel Holdings Inc, companies listed in Hong Kong, Singapore and The United States of America respectively. He is a professional accountant by training with more than 18 years of experience in auditing and corporate finance work, with extensive exposure to the business enterprise in the People's Republic of China ("PRC"). Mr. Wong is currently the Director of Vantage Consulting Group, a firm providing a variety of professional outsourcing solutions to an international client base investing in PRC. Mr. Wong graduated from the University of Melbourne. He is a fellow member of the Australian Society of Certified Public Accountants and the Hong Kong Institute of Certified Public Accountants. He also obtained a PRC Certificate of Independent Directorship in 2002.

Richard LAU Siu Sun, aged 63, 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.

### **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, 2010, the interests and short positions of the directors and their associates in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange 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)	1.53%
Mr. Anthony LAM Sai Ho	—	—	7,350,000	7,350,000 (Note 2)	0.48%

#### Notes:

1. 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.
2. These 7,350,000 shares are held by Great Avenue Group Limited, a company which is 40% owned by Mr. Anthony LAM Sai Ho, a director of the Company.

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

### Long positions *(Continued)*

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

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

*Note:*

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

#### **(c) Ordinary shares of associate of the Company**

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

*Note:*

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

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

#### **Long positions** *(Continued)*

Save as disclosed above, as at 31st March, 2010, none of the directors nor their associates of the Company had or was deemed to have any interest or short positions in the shares or underlying shares of the Company or any of its associated corporations as recorded in the register that required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

### **DIRECTORS' RIGHTS TO ACQUIRE SHARES**

The Company has adopted an employee share option scheme on 26th August, 2008 under which the Board may grant to the Company's directors (including the independent non-executive directors), employees of the Company and/or any of its subsidiaries, and other persons who, in the sole discretion of the board of directors of the Company, have contributed to the Group, options to subscribe for shares of the Company. No option was granted, exercised, lapsed or cancelled during the year or remained outstanding as at 31st March, 2010. Particulars of the Company's share option scheme are set out in note 25 to the financial statements.

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

### **MATERIAL TRANSACTION**

#### **Construction project in Vietnam**

On 21st June, 2009, Great Lead International Limited ("Great Lead"), an indirect wholly-owned subsidiary of the Company, entered into a construction agreement with the People's Committee of Tien Giang Province, the municipal government of Vietnam in the Tien Giang Province and an independent third party to the Company, and intended to construct and transfer a water distribution network in the east area of Tien Giang Province, Vietnam to the People's Committee of Tien Giang Province by way of Build-Transfer Model ("the Construction Agreement").



## **MATERIAL TRANSACTION** *(Continued)*

### **Construction project in Vietnam** *(Continued)*

Pursuant to the Construction Agreement, the Project will be carried out in two phases with phase 1 to be completed by the end of September 2010 and phase 2 to be completed by the end of December 2012. Total contract sum of the Project comprises (i) construction costs of approximately VND328 billion (equivalent to approximately HK\$142.86 million) which will be initially borne by Great Lead and repaid to Great Lead by 10 semi-annual instalments in March and September each year after the handover of the Project in phases, with any increase in the volume of the works to be performed by Great Lead under the terms of the Construction Agreement of less than 5% to be borne by Great Lead and (ii) cost of capital of the Project equivalent to 10% per year of the construction costs of the Project incurred by Great Lead, which has not been paid by the preceding instalments, will be paid to Great Lead by 10 semi-annual instalments in March and September each year after the handover of the Project in phases.

The estimated construction costs of the Project will be approximately 40% financed by the Group's internal resources and approximately 60% financed by bank borrowings. To ensure the due performance of the Construction Agreement by Great Lead, Great Lead will provide to the People's Committee of Tien Giang Province a certificate of bank guarantee issued by a bank operated in Vietnam with a carrying amount of 2% of the construction costs of phase 1 of the Project, and this bank guarantee will be released upon the handover of phase 1 of the Project.

In November 2009, an addendum to the Construction Agreement was signed whereby, among other things, the completion of the phase 1 of the Project was revised to within 12 months from the date of receiving the investment certificate. The investment certificate was obtained in early January 2010.

## **EVENT AFTER THE REPORTING PERIOD**

### **Disposal of interest in an associate**

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

### **EVENT AFTER THE REPORTING PERIOD** *(Continued)*

#### **Disposal of interest in an associate** *(Continued)*

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

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

### **RELATED PARTY TRANSACTIONS**

Details of the related party transactions entered into by the Group during the year are set out in note 30 to the financial statements.

### **CONNECTED TRANSACTIONS**

During the year, the Group rented a property owned by a landlord in which the Director of the Company, Mr. Alvin Leslie LAM Kwing Wai, had a beneficial interest. Total rental expenses incurred for the year amounted to HK\$960,000.

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

### **DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE**

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

## SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2010, 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:

<b>Name of shareholder</b>	<b>Number of shares held</b> <i>(Note 1)</i>	<b>Approximate percentage of the issued share capital of the Company</b>
Yuen Loong International Limited ("Yuen Loong")	485,052,026	31.62% <i>(Note 2)</i>
Chelsey Developments Ltd. ("Chelsey")	295,240,000	19.25% <i>(Note 2)</i>

Notes:

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

Save as disclosed above, the Company has 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 required to be kept by the Company pursuant to Section 336 of the SFO as at 31st March, 2010.

## CHARITABLE DONATIONS

During the year, the Group made charitable donations amounting to approximately HK\$20,000.

### **LIQUIDITY AND FINANCIAL RESOURCES**

The Group had cash balance of HK\$245 million and no outstanding bank loans except for convertible notes amounted to HK\$38 million as at 31st March, 2010.

With cash and other current assets of HK\$617 million as at 31st March, 2010 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, 2010 was HK\$0.63 per share based on 1,533,829,536 shares in issue as at that date.

### **EMPLOYEES AND REMUNERATION POLICY**

The total number of employees for the Group is about 363.

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, 2010, the five largest customers of the Group accounted for approximately 50% by value of the Group's turnover and the five largest suppliers accounted for approximately 83% by value of the Group's total purchases. Approximately 24% of the Group's turnover and approximately 50% of the Group's total purchases were attributable to the Group's largest customer and supplier respectively.

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

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

## PUBLIC FLOAT

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

## DISCLOSURES PURSUANT TO RULES 13.13 AND 13.16 OF THE LISTING RULES

### Advances to entities under Rule 13.13 and financial assistance to and guarantees given for facilities granted to the Company's affiliated companies under Rule 13.16

The following table summarises the loans and guarantees granted by the Group to (i) entities which individually exceeded 8% of the relevant percentage ratios under Rule 13.13 of the Listing Rules as at 31st March, 2010 and (ii) the Company's affiliated companies which in aggregate exceeded 8% of the relevant percentage ratios under Rule 13.16 of the Listing Rules as at 31st March, 2010:

Affiliated companies	Attributable interest held by the Group %	Non-interest bearing advances (A) HK\$'000	Guarantees given (B) HK\$'000	Extent of guaranteed facilities utilised HK\$'000	Aggregate of advances and guarantees given (A + B) HK\$'000	Notes
(i) <b>Dragon Fortune Ltd. and its subsidiaries</b>						
Dragon Fortune Ltd.	28.00	72,176	—	—	72,176	a
Fortune Leader Investment Limited	28.00	—	24,920	2,520	24,920	b
Fortune Leader Overseas Chinese (Daiyawan) Investment Company Limited	22.40	—	31,818	31,818	31,818	c
Aggregate of Dragon Fortune Ltd. and its subsidiaries		72,176	56,738	34,338	128,914	d

# Annual Report 2010

## Report of the Directors

### DISCLOSURES PURSUANT TO RULES 13.13 AND 13.16 OF THE LISTING RULES

(Continued)

Affiliated companies	Attributable interest held by the Group %	Non-interest bearing advances (A) HK\$'000	Guarantees given (B) HK\$'000	Extent of guaranteed facilities utilised HK\$'000	Aggregate of advances and guarantees given (A + B) HK\$'000	Notes
(ii) Sirinumma Company Limited	40.00	—	15,202	—	15,202	e
(iii) Golden World Enterprises (Wuhan) Limited	25.50	2,229	—	—	2,229	a
(iv) Supreme Development Company Limited	41.16	3,621	—	—	3,621	a
(v) Starland Century Limited	37.50	89,868	—	—	89,868	a
<b>Total</b>		167,894	71,940	34,338	239,834	f

The proforma combined statement of financial position of the above affiliated companies, as attributable to the Group, as at 31st March, 2010 is as follows:

	HK\$'000
Non-current assets	142,936
Current assets	185,596
Current liabilities	(50,237)
Net current assets	135,359
Non-current liabilities	(211,594)
Minority interests	(18,993)
Shareholders' equity	47,708

Details of the above affiliated companies are set out in note 15 to the financial statements.

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

*Notes:*

- (a) The advances were made as shareholder's loans to finance the investments or working capital of respective entity or affiliated company. The balances were interest-free, unsecured and repayable on demand.
- (b) The guarantees were given for loan facilities granted to Fortune Leader Investment Limited ("FL Investment"). FL Investment is a direct wholly-owned subsidiary of Dragon Fortune Ltd.
- (c) The guarantee was given for loan facilities granted to Fortune Leader Overseas Chinese (Daiyawan) Investment Company Limited ("FL Overseas"). FL Overseas is owned as to 80% by FL Investment and as to 20% by an Independent Third Party.
- (d) Aggregated pursuant to Rule 13.11(2)(c) of the Listing Rules.
- (e) The guarantee was given for banking facilities granted to respective entity or affiliated company.
- (f) 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, 20th July, 2010



# Annual Report 2010

## Independent Auditors' Report

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

Room 305, Arion Commercial Centre  
2-12 Queen's Road West, Hong Kong.  
香港皇后大道西2-12號聯發商業中心305室  
Tel電話: (852) 3103 6980  
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E-mail電郵: hlm@hlm.com.hk

**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 32 to 100, which comprise the consolidated and Company statements of financial position as at 31st March, 2010, 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 and the true and fair presentation of these consolidated financial statements 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. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**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 as to 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 and true and fair presentation of the consolidated financial statements 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, 2010 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, 20th July, 2010

# Annual Report 2010

## Consolidated Income Statement

For the year ended 31st March, 2010

	Notes	2010 HK\$'000	2009 HK\$'000 As restated
<b>TURNOVER</b>	5	<b>743,038</b>	757,717
Cost of sales		<b>(558,304)</b>	(567,711)
<b>GROSS PROFIT</b>		<b>184,734</b>	190,006
Net unrealized gain/(loss) on financial assets at fair value through profit or loss		<b>25,796</b>	(61,480)
Surplus/(deficit) on revaluation of investment properties		<b>1,790</b>	(1,060)
Net other income/(loss)	7	<b>22,556</b>	(21,241)
Selling and distribution costs		<b>(23,418)</b>	(35,956)
Administrative expenses		<b>(103,657)</b>	(104,472)
<b>PROFIT/(LOSS) FROM OPERATIONS</b>		<b>107,801</b>	(34,203)
Finance costs		<b>(1,670)</b>	(3,029)
Share of results of associates		<b>62,129</b>	(92,400)
Write-back of impairment loss on interests in associate		<b>17,904</b>	—
Impairment loss on interests in associate		<b>—</b>	(31,831)
<b>PROFIT/(LOSS) BEFORE TAXATION</b>	8	<b>186,164</b>	(161,463)
Taxation	9	<b>(11,804)</b>	(7,500)
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>174,360</b>	(168,963)
Attributable to:			
Shareholders of the Company		<b>174,553</b>	(167,632)
Minority interests		<b>(193)</b>	(1,331)
		<b>174,360</b>	(168,963)
<b>DIVIDENDS</b>	10	<b>36,581</b>	28,138
<b>EARNINGS/(LOSS) PER SHARE</b>	11		
— Basic		<b>HK11.9cents</b>	HK(11.9)cents
— Diluted		<b>HK10.4cents</b>	N/A

# Annual Report 2010

## Consolidated Statement of Comprehensive Income

For the year ended 31st March, 2010

	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
<b>PROFIT/(LOSS) FOR THE YEAR</b>	<b>174,360</b>	(168,963)
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Surplus/(deficit) on revaluation of available-for-sale investments	<b>356</b>	(3,403)
Investments revaluation reserve realized on disposal of available-for-sale investments	<b>1,022</b>	(11,530)
Exchange differences on translation of foreign operations	<b>(358)</b>	3,608
Share of other comprehensive income of associates	<b>3,924</b>	2,848
Surplus on revaluation of property	<b>5,128</b>	—
Exchange reserve eliminated on impairment loss on interests in associate	<b>—</b>	(2,155)
Other comprehensive income/(loss) for the year, net of tax	<b>10,072</b>	(10,632)
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>	<b>184,432</b>	(179,595)
Total comprehensive income/(loss) attributable to:		
Shareholders of the Company	<b>184,577</b>	(178,852)
Minority interests	<b>(145)</b>	(743)
	<b>184,432</b>	(179,595)

# Annual Report 2010

## Consolidated Statement of Financial Position

At 31st March, 2010

	Notes	2010 HK\$'000	2009 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	85,597	94,249
Investment properties	13	39,340	23,550
Interests in associates	15	279,045	226,427
Available-for-sale investments	16	41,390	41,339
Prepaid lease payments	17	19,023	19,534
		<b>464,395</b>	405,099
<b>CURRENT ASSETS</b>			
Inventories	18	90,305	84,062
Trade debtors	19	80,417	69,025
Other debtors, deposits and prepayments		30,640	41,821
Financial assets at fair value through profit or loss	20	169,990	90,706
Cash and cash equivalents		245,787	229,413
		<b>617,139</b>	515,027
<b>CURRENT LIABILITIES</b>			
Trade creditors	21	14,078	2,270
Other creditors and accruals		16,145	16,904
Tax liabilities		25,881	30,817
		<b>56,104</b>	49,991
<b>NET CURRENT ASSETS</b>		<b>561,035</b>	465,036
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,025,430</b>	870,135
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	22	3,385	2,422
Convertible notes	23	38,924	70,787
		<b>42,309</b>	73,209
		<b>983,121</b>	796,926
<b>CAPITAL AND RESERVES</b>			
Share capital	24	153,383	140,691
Reserves	26	817,569	643,921
Shareholders' equity		<b>970,952</b>	784,612
Minority interests	27	12,169	12,314
		<b>983,121</b>	796,926

The financial statements on pages 32 to 100 were approved and authorised for issue by the Board of Directors on 20th July, 2010 and are signed on its behalf by:

**Alvin Leslie LAM Kwing Wai**  
Chairman

**TSANG Siu Hung**  
Executive Director

# Annual Report 2010

## Statement of Financial Position

At 31st March, 2010

	Notes	2010 HK\$'000	2009 HK\$'000
<b>NON-CURRENT ASSET</b>			
Interests in subsidiaries	14	875,277	850,447
<b>CURRENT ASSETS</b>			
Other debtors, deposits and prepayments		172	149
Cash and cash equivalents		9	7
		181	156
<b>CURRENT LIABILITY</b>			
Other creditors and accruals		—	23
<b>NET CURRENT ASSETS</b>			
		181	133
<b>TOTAL ASSETS LESS CURRENT LIABILITY</b>			
		875,458	850,580
<b>NON-CURRENT LIABILITY</b>			
Convertible notes	23	38,924	70,787
		836,534	779,793
<b>CAPITAL AND RESERVES</b>			
Share capital	24	153,383	140,691
Reserves	26	683,151	639,102
		836,534	779,793

**Alvin Leslie LAM Kwing Wai**  
Chairman

**TSANG Siu Hung**  
Executive Director

# Annual Report 2010

## Consolidated Statement of Changes in Equity

For the year ended 31st March, 2010

	Shareholders' equity										Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital Redemption reserve HK\$'000	Convertible notes equity reserve HK\$'000	Investments revaluation reserve HK\$'000	Exchange reserve HK\$'000	Other reserves HK\$'000	Dividend reserve HK\$'000	Retained earnings HK\$'000	Minority interests HK\$'000	
At 31st March, 2008	140,691	404,740	515	1,187	12,198	38,934	10,291	21,104	367,995	13,057	1,010,712
Loss for the year	—	—	—	—	—	—	—	—	(167,632)	(1,331)	(168,963)
Other comprehensive (loss)/income for the year:											
Deficit on revaluation of available-for-sale investments	—	—	—	—	(3,403)	—	—	—	—	—	(3,403)
Realized on disposal of available-for-sale investments	—	—	—	—	(11,530)	—	—	—	—	—	(11,530)
Exchange adjustments	—	—	—	—	3,020	—	—	—	—	588	3,608
Share of reserve movements of associates	—	—	—	—	—	2,872	(24)	—	—	—	2,848
Eliminated on impairment loss on interests in associate	—	—	—	—	—	(2,155)	—	—	—	—	(2,155)
	—	—	—	—	(14,933)	3,737	(24)	—	—	588	(10,632)
Total comprehensive (loss)/ income for the year	—	—	—	—	(14,933)	3,737	(24)	—	(167,632)	(743)	(179,595)
Redemption of convertible notes	—	—	—	(1,187)	—	—	—	—	—	—	(1,187)
Equity component of convertible notes	—	—	—	2,169	—	—	—	—	—	—	2,169
Prior year final dividend paid	—	—	—	—	—	—	(21,104)	—	—	—	(21,104)
Interim dividend paid	—	—	—	—	—	—	—	(14,069)	—	—	(14,069)
Final dividend proposed for the year ended 31st March, 2009	—	—	—	—	—	—	—	14,069	(14,069)	—	—
At 31st March, 2009	140,691	404,740	515	2,169	(2,735)	42,671	10,267	14,069	172,225	12,314	796,926



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## Consolidated Statement of Changes in Equity

For the year ended 31st March, 2010

	Shareholders' equity (Continued)												
	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	Minority interests HK\$'000	Total HK\$'000
At 31st March, 2009	140,691	404,740	515	2,169	(2,735)	—	42,671	10,267	14,069	172,225	784,612	12,314	796,926
Profit for the year	—	—	—	—	—	—	—	—	—	174,553	174,553	(193)	174,360
Other comprehensive income/(loss) for the year:													
Surplus on revaluation of available-for-sale investments	—	—	—	—	356	—	—	—	—	—	356	—	356
Realized on disposal of available-for-sale investments	—	—	—	—	1,022	—	—	—	—	—	1,022	—	1,022
Surplus on revaluation of property	—	—	—	—	—	5,128	—	—	—	—	5,128	—	5,128
Exchange adjustments	—	—	—	—	—	—	(406)	—	—	—	(406)	48	(358)
Share of reserve movements of associates	—	—	—	—	—	—	3,240	684	—	—	3,924	—	3,924
	—	—	—	—	1,378	5,128	2,834	684	—	—	10,024	48	10,072
Total comprehensive income/(loss) for the year	—	—	—	—	1,378	5,128	2,834	684	—	174,553	184,577	(145)	184,432
Share of other reserve movements of associates	—	—	—	—	—	—	—	2,375	—	—	2,375	—	2,375
Issue of ordinary shares pursuant to conversion of convertible notes	12,692	20,308	—	(983)	—	—	—	—	—	—	32,017	—	32,017
Prior year final dividend paid	—	—	—	—	—	—	—	—	(14,069)	(385)	(14,454)	—	(14,454)
Interim dividend paid	—	—	—	—	—	—	—	—	—	(18,175)	(18,175)	—	(18,175)
Final dividend proposed for the year ended 31st March, 2010	—	—	—	—	—	—	—	—	18,406	(18,406)	—	—	—
At 31st March, 2010	153,383	425,048	515	1,186	(1,357)	5,128	45,505	13,326	18,406	309,812	970,952	12,169	983,121

Shareholders' equity of the Group represents share capital amounting to approximately HK\$153,383,000 (2009: HK\$140,691,000) and reserves amounting to approximately HK\$817,569,000 (2009: HK\$643,921,000).

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

# Annual Report 2010

## Consolidated Statement of Cash Flows

For the year ended 31st March, 2010

	2010 HK\$'000	2009 HK\$'000
<b>OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation	186,164	(161,463)
Adjustments for:		
Interest income	(12,331)	(10,202)
Finance costs	1,670	3,029
Dividend income	(1,360)	(4,637)
Depreciation and amortisation of property, plant and equipment	11,012	12,491
Amortisation of prepaid lease payments	520	520
Net gain on disposal of property, plant and equipment	(364)	(2)
Share of results of associates	(62,129)	92,400
(Surplus)/deficit on revaluation of investment properties	(1,790)	1,060
Bad debts written off	189	1,272
Net realized loss on disposal of available-for-sale investments	799	4,686
Impairment loss on loan receivables	3,355	14,676
Impairment loss on available-for-sale investments	12,764	—
Write-back of impairment loss on interests in associate	(17,904)	—
Impairment loss on interests in associate	—	31,831
Gain on disposal of an investment property	—	(417)
Operating cash flows before movements in working capital	120,595	(14,756)
(Increase)/decrease in financial assets at fair value through profit or loss	(79,275)	65,377
(Increase)/decrease in inventories	(6,198)	19,093
Increase in trade debtors	(11,530)	(12,990)
Decrease in other debtors, deposits and prepayments	4,984	13,250
Increase/(decrease) in trade creditors	11,796	(4,706)
Decrease in other creditors and accruals	(858)	(3,057)
Decrease in derivative financial instruments	—	(3,017)
Cash generated from operations	39,514	59,194
Hong Kong Profits Tax paid	(17,641)	(11,305)
Hong Kong Profits Tax refunded	1,590	5,404
Income tax in other jurisdiction paid	(40)	(604)
Income tax in other jurisdiction refunded	342	—
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>23,765</b>	<b>52,689</b>

# Annual Report 2010

## Consolidated Statement of Cash Flows

For the year ended 31st March, 2010

	2010 HK\$'000	2009 HK\$'000
<b>INVESTING ACTIVITIES</b>		
Interest received	10,991	10,275
Dividend received	1,360	4,637
Advances to associates	(567)	(23,798)
Repayments from associates	34,281	5,303
Purchases of available-for-sale investments	(10,507)	—
Purchases of property, plant and equipment	(11,245)	(31,069)
Proceeds from disposal of property, plant and equipment	394	7
Proceeds from disposal of an investment property	—	3,697
Proceeds from disposal of available-for-sale investments	1,956	36,370
(Increase)/decrease in pledged cash balance	(8,618)	1,313
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>	<b>18,045</b>	<b>6,735</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(32,629)	(35,173)
Interest paid	(1,516)	(4,770)
Proceeds from issue of convertible notes	—	72,800
Redemption of convertible notes	—	(85,500)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(34,145)</b>	<b>(52,643)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>7,665</b>	<b>6,781</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>210,311</b>	<b>201,404</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>91</b>	<b>2,126</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>218,067</b>	<b>210,311</b>
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Time deposits, bank balances and cash	245,787	229,413
Less: Pledged cash and cash equivalents	(27,720)	(19,102)
	<b>218,067</b>	<b>210,311</b>

# Annual Report 2010

## Notes to the Financial Statements

For the year ended 31st March, 2010

### 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 and investment holding.

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

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1st July, 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment — Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)—Int 9 and HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC)—Int 13	Customer Loyalty Programmes
HK(IFRIC)—Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)—Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)—Int 18	Transfers of Assets from Customers

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

Except as described below, 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:

- (i) HKAS 1 (Revised) has introduced a number of terminology changes (including revised titles for the consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (Revised) has had no impact on the reported results or financial position of the Group.
- (ii) The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. In accordance with the transitional provision set out in the amendments, no comparative information is required for the expanded disclosures.

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

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008 <sup>1</sup>
HKFRSs (Amendments)	Improvements to HKFRSs 2009 <sup>2</sup>
HKFRSs (Amendments)	Improvements to HKFRSs 2010 <sup>3</sup>
HKAS 24 (Revised)	Related Party Disclosures <sup>7</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>1</sup>
HKAS 32 (Amendment)	Classification of Rights Issues <sup>5</sup>
HKAS 39 (Amendment)	Eligible Hedged Items <sup>1</sup>
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters <sup>4</sup>
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters <sup>6</sup>
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions <sup>4</sup>
HKFRS 3 (Revised)	Business Combinations <sup>1</sup>
HKFRS 9	Financial Instruments <sup>8</sup>
HK(IFRIC)—Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement <sup>7</sup>
HK(IFRIC)—Int 17	Distributions of Non-cash Assets to Owners <sup>1</sup>
HK(IFRIC)—Int 19	Extinguishing Financial Liabilities with Equity Instruments <sup>6</sup>

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

- <sup>1</sup> Effective for annual periods beginning on or after 1st July, 2009
- <sup>2</sup> Effective for annual periods beginning on or after 1st July, 2009 and 1st January, 2010, as appropriate
- <sup>3</sup> Effective for annual periods beginning on or after 1st July, 2010 and 1st January, 2011, as appropriate
- <sup>4</sup> Effective for annual periods beginning on or after 1st January, 2010
- <sup>5</sup> Effective for annual periods beginning on or after 1st February, 2010
- <sup>6</sup> Effective for annual periods beginning on or after 1st July, 2010
- <sup>7</sup> Effective for annual periods beginning on or after 1st January, 2011
- <sup>8</sup> Effective for annual periods beginning on or after 1st January, 2013

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties, available-for-sale investments and financial assets at fair value through profit or loss, which are measured at fair values as explained in the accounting policies set out below.

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

#### **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.

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

#### **Basis of consolidation** *(Continued)*

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's 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 minority shareholders' equity and loan investments were taken into account in sharing the losses incurred by these subsidiaries.

#### **Business Combinations**

##### **Goodwill**

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

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

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.



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

#### **Business Combinations** *(Continued)*

#### ***Excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as "negative goodwill")***

A discount on acquisition arising on acquisition of subsidiary or associate represents the excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination. Discount on acquisition is recognised immediately in the income statement in the year in which the acquisition takes place.

#### **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.

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

#### **Interests in associates**

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

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

#### **Borrowing costs**

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

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

#### **Property, plant and equipment**

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

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

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

#### **Property, plant and equipment** *(Continued)*

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

Land and buildings	Over the shorter of the remaining land lease term and 4%
Factory premises in elsewhere in the People's Republic of China (the "PRC")	2% — 5%
Furniture, fixtures and equipment	5% — 20%
Plant and machinery	5% — 33%
Motor vehicles	12% — 33%

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

#### **Prepaid lease payments**

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

#### **Impairment of tangible and intangible assets other than goodwill**

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

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

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

#### **Investment properties**

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

#### **Financial instruments**

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

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

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.

#### **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.

#### **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.

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

#### **Convertible notes**

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

#### **Derecognition of financial liabilities**

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

#### **Inventories**

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

#### **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.

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

#### **Foreign currencies** *(Continued)*

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

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

#### **Financial guarantee contracts**

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

#### **Taxation**

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



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

#### **Taxation** *(Continued)*

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

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

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

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

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

#### **Retirement benefits costs**

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

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

#### **Operating leases**

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

#### **Cash and cash equivalents**

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

### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

#### **Impairment losses on loans and advances and receivables**

The Group periodically reviews its loans and advances and receivables to assess whether impairment losses exist. In determining whether impairment losses should be recorded in the consolidated income statement, the Group has individually evaluated its loans and advances and receivables for impairment after taking into account the value of the underlying collateral of each borrower, and the latest financial position of those borrowers in default of settlement to determine the net present value of expected future cash inflow. If the financial conditions of the debtors of the Group were to deteriorate and result in an impairment of their abilities to repay, additional impairment losses may be required.

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

##### **Estimate of the useful lives of property, plant and equipment**

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

##### **Fair values of investment properties**

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

##### **Fair values of financial instruments**

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

### 5. TURNOVER

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

	THE GROUP	
	2010 HK\$'000	2009 HK\$'000
Rice sales	741,727	756,540
Rental income from investment properties	1,311	1,177
	<b>743,038</b>	<b>757,717</b>

### 6. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from the beginning of current accounting period. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Management in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments.

In prior years, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14, nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

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	—	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, 2010

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

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## Notes to the Financial Statements

For the year ended 31st March, 2010

### 6. SEGMENT INFORMATION *(Continued)*

#### Operating segments *(Continued)*

#### Segment assets and liabilities as at 31st March, 2010

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

## 6. SEGMENT INFORMATION *(Continued)*

### Operating segments *(Continued)*

#### Other information for the year ended 31st March, 2010

	Rice operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
Additions to property, plant and equipment	10,558	—	687	—	11,245
Depreciation and amortisation of property, plant and equipment	8,008	—	3,004	—	11,012
Amortisation of prepaid lease payments	514	—	6	—	520
Surplus on revaluation of investment properties	—	—	1,790	—	1,790
Net unrealized gain on financial assets at fair value through profit or loss	—	25,796	—	—	25,796
Bad debts written off	189	—	—	—	189

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## Notes to the Financial Statements

For the year ended 31st March, 2010

### 6. SEGMENT INFORMATION (Continued)

#### Operating segments (Continued)

#### Income statement for the year ended 31st March, 2009

	Rice operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
<b>TURNOVER</b>					
External sales	756,540	—	1,177	—	757,717
<b>RESULT</b>					
Segment results	61,445	(73,156)	(2,535)	(19,957)	(34,203)
Finance costs					(3,029)
Share of results of associates	(7,246)	—	217	(85,371)	(92,400)
Impairment loss on interests in associate	(31,831)	—	—	—	(31,831)
Loss before taxation					(161,463)
Taxation					(7,500)
Loss for the year					(168,963)
Attributable to:					
Shareholders of the Company					(167,632)
Minority interests					(1,331)
					(168,963)



## 6. SEGMENT INFORMATION *(Continued)*

### Operating segments *(Continued)*

#### Segment assets and liabilities as at 31st March, 2009

	Rice operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
<b>ASSETS</b>					
Segment assets	211,274	93,425	117,217	271,783	693,699
Interests in associates	6,227	—	15,820	204,380	<u>226,427</u>
Consolidated total assets					<u>920,126</u>
<b>LIABILITIES</b>					
Segment liabilities	16,043	430	467	73,021	89,961
Unallocated corporate liabilities					<u>33,239</u>
Consolidated total liabilities					<u>123,200</u>

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## Notes to the Financial Statements

For the year ended 31st March, 2010

### 6. SEGMENT INFORMATION (Continued)

#### Operating segments (Continued)

#### Other information for the year ended 31st March, 2009

	Rice operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
Additions to property, plant and equipment	2,021	—	29,048	—	31,069
Depreciation and amortisation of property, plant and equipment	9,658	—	2,768	65	12,491
Amortisation of prepaid lease payments	514	—	6	—	520
Deficit on revaluation of investment properties	—	—	1,060	—	1,060
Net unrealized loss on financial assets at fair value through profit or loss	—	61,480	—	—	61,480
Bad debts written off	1,272	—	—	—	1,272

## 6. SEGMENT INFORMATION *(Continued)*

### Geographical segments

The Group's operations are located in Hong Kong, elsewhere in the PRC and other regions.

The following table provides an analysis of the Group's sales by location of markets, irrespective of the origin of the goods/services:

	Turnover by geographical markets	
	2010 HK\$'000	2009 HK\$'000
Hong Kong	625,941	636,647
Elsewhere in the PRC	97,773	102,243
Others	19,324	18,827
	<b>743,038</b>	<b>757,717</b>

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

	Carrying amounts of non-current assets other than financial instruments		Additions to property, plant and equipment	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Hong Kong	204,453	200,506	11,123	30,993
Elsewhere in the PRC	119,157	130,131	122	76
Others	99,395	33,123	—	—
	<b>423,005</b>	<b>363,760</b>	<b>11,245</b>	<b>31,069</b>

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## Notes to the Financial Statements

For the year ended 31st March, 2010

### 7. NET OTHER INCOME/(LOSS)

	THE GROUP	
	2010	2009
	HK\$'000	HK\$'000
		As restated
Interest income on:		
— Financial assets at fair value through profit or loss	<b>7,948</b>	4,744
— Financial assets not designated as at fair value through profit or loss	<b>4,383</b>	5,458
	<b>12,331</b>	10,202
Dividend from:		
— Listed available-for-sale investments	<b>16</b>	1,597
— Unlisted available-for-sale investments	<b>159</b>	—
— Listed financial assets at fair value through profit or loss	<b>1,185</b>	3,040
	<b>1,360</b>	4,637
Net realized gain/(loss) on disposals of financial assets:		
— Available-for-sale investments	<b>(799)</b>	(4,686)
— Financial assets at fair value through profit or loss	<b>21,505</b>	(13,420)
	<b>20,706</b>	(18,106)
Impairment loss on available-for-sale investments	<b>(12,764)</b>	—
Impairment loss on loan receivables	<b>(3,355)</b>	(14,676)
Net gain on disposal of property, plant and equipment	<b>364</b>	2
Gain on disposal of an investment property	<b>—</b>	417
Net realized gain on derivative financial instruments	<b>—</b>	3,380
Net foreign exchange gain/(loss)	<b>2,428</b>	(8,800)
Sundry income	<b>1,486</b>	1,703
	<b>22,556</b>	(21,241)

## 8. PROFIT/(LOSS) BEFORE TAXATION

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

	<b>THE GROUP</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Auditors' remuneration		
Current year	<b>392</b>	381
Underprovision in prior years	<b>2</b>	43
	<b>394</b>	424
Depreciation and amortisation of property, plant and equipment	<b>11,012</b>	12,491
Amortisation of prepaid lease payments	<b>520</b>	520
Operating lease rentals in respect of rented premises	<b>1,858</b>	2,588
Bad debts written off	<b>189</b>	1,272
Cost of inventories recognised as expense	<b>519,366</b>	526,231
Staff costs, including Directors' emoluments (note 29) and retirement benefits schemes contributions (note 32)	<b>70,600</b>	61,348
Interests on bank loans and overdrafts wholly repayable within five years	<b>—</b>	1
Interests on other loans	<b>335</b>	236
Effective interest on convertible notes	<b>1,335</b>	2,792
	<b>1,670</b>	3,029
Rental income from investment properties, net of outgoings of HK\$60,000 (2009: HK\$8,000)	<b>(1,251)</b>	(1,169)
Net gain on disposal of property, plant and equipment	<b>(364)</b>	(2)

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## Notes to the Financial Statements

For the year ended 31st March, 2010

### 9. TAXATION

	THE GROUP	
	2010 HK\$'000	2009 HK\$'000
Current tax:		
Hong Kong	10,613	12,343
Other regions in the PRC	39	72
	<hr/>	<hr/>
	10,652	12,415
Underprovision/(overprovision) in prior years:		
Hong Kong	189	(3,397)
Other regions in the PRC	—	(1,269)
	<hr/>	<hr/>
	189	(4,666)
Deferred tax (note 22):		
Current year's charge/(credit)	963	(96)
Attributable to a change in tax rate	—	(153)
	<hr/>	<hr/>
	963	(249)
Taxation attributable to the Company and its subsidiaries	<hr/>	<hr/>
	11,804	7,500

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. Hong Kong Profits Tax rate decreased from 17.5% to 16.5% with effect from the 2008/2009 year of assessment. The effect of this decrease had been reflected in the calculation of current and deferred tax for last year.

Taxation arising in other regions in the PRC is calculated in accordance with the relevant laws of the PRC.

## 9. TAXATION (Continued)

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

	2010 HK\$'000	2009 HK\$'000
Profit/(loss) before taxation	<b>186,164</b>	(161,463)
Tax at the domestic income tax rate of 16.5% (Note)	<b>30,717</b>	(26,641)
Tax effect of expenses not deductible for tax purpose	<b>5,077</b>	8,228
Tax effect of income not taxable for tax purpose	<b>(5,052)</b>	(2,281)
Underprovision/(overprovision) in respect of prior years	<b>189</b>	(4,666)
Tax effect of tax losses/deferred tax assets not recognised	<b>261</b>	17,736
Tax effect of utilisation of tax losses/deferred tax assets not previously recognised	<b>(9,082)</b>	—
Decrease in opening deferred tax liabilities resulting from decrease in applicable tax rate	—	(153)
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>(25)</b>	31
Tax effect of share of results of associates	<b>(10,251)</b>	15,246
Others	<b>(30)</b>	—
Taxation for the year	<b>11,804</b>	7,500

Note:

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

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## Notes to the Financial Statements

For the year ended 31st March, 2010

### 10. DIVIDENDS

(a) Dividends attributable to the year:

	<b>2010</b> <b>HK\$'000</b>	2009 HK\$'000
Interim dividend paid of 1.2 cents per share on 1,514,598,767 shares (2009: 1 cent per share on 1,406,906,460 shares)	<b>18,175</b>	14,069
Final dividend proposed of 1.2 cents per share on 1,533,829,536 shares (2009: 1 cent per share on 1,406,906,460 shares)	<b>18,406</b>	14,069
	<b>36,581</b>	28,138

The final dividend of 1.2 cents per share for the year ended 31st March, 2010 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>2010</b> <b>HK\$'000</b>	2009 HK\$'000
Final dividend in respect of the previous financial year of 1 cent per share on 1,445,367,998 shares (2009: 1.5 cents per share on 1,406,906,460 shares):		
Approved and paid during the year	<b>14,069</b>	21,104
Additional final dividend payment for ordinary shares issued during the year	<b>385</b>	—
Interim dividend in respect of the current financial year, approved and paid during the year, of 1.2 cents per share on 1,514,598,767 shares (2009: 1 cent per share on 1,406,906,460 shares)	<b>18,175</b>	14,069
	<b>32,629</b>	35,173



## 11. EARNINGS/(LOSS) PER SHARE

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

	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Earnings/(loss) for the purpose of basic earnings/(loss) per share:		
Profit/(loss) for the year attributable to shareholders of the Company	<b>174,553</b>	<u>(167,632)</u>
Effect of dilutive potential ordinary shares:		
Effective interest on convertible notes	<u>1,335</u>	
Earnings for the purpose of diluted earnings per share	<b>175,888</b>	
	<b>2010</b>	2009
Number of shares:		
Weighted average number of shares for the purpose of basic earnings/(loss) per share	<b>1,467,053,983</b>	<u>1,406,906,460</u>
Effect of dilutive potential ordinary shares:		
Convertible notes issued by the Company	<u>219,852,477</u>	
Weighted average number of shares for the purpose of diluted earnings per share	<b>1,686,906,460</b>	

No diluted loss per share had been presented for last year ended 31st March, 2009 as the convertible notes outstanding during last year had an anti-dilutive effect on the basic loss per share for last year.

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## Notes to the Financial Statements

For the year ended 31st March, 2010

### 12. PROPERTY, PLANT AND EQUIPMENT

For the year ended 31st March, 2010

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

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

For the year ended 31st March, 2009

	Land and buildings HK\$'000	Factory premises in elsewhere in the PRC HK\$'000	Furniture, fixtures and equipment HK\$'000	Plant and machinery HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>THE GROUP</b>						
<b>COST</b>						
At 1st April, 2008	87,856	14,372	35,295	100,524	9,867	247,914
Additions	29,048	—	120	1,901	—	31,069
Disposals/written off	—	—	(474)	(162)	(78)	(714)
Exchange rate adjustments	—	310	113	463	65	951
At 31st March, 2009	116,904	14,682	35,054	102,726	9,854	279,220
<b>DEPRECIATION, AMORTISATION AND IMPAIRMENT</b>						
At 1st April, 2008	38,628	10,664	29,084	89,069	5,055	172,500
Provided for the year	3,194	776	2,455	4,228	1,838	12,491
Eliminated on disposals/written off	—	—	(468)	(162)	(78)	(708)
Exchange rate adjustments	—	231	75	334	48	688
At 31st March, 2009	41,822	11,671	31,146	93,469	6,863	184,971
<b>NET BOOK VALUES</b>						
At 31st March, 2009	75,082	3,011	3,908	9,257	2,991	94,249

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## Notes to the Financial Statements

For the year ended 31st March, 2010

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

The net book values of properties shown above comprises:

	2010 HK\$'000	2009 HK\$'000
Land and buildings situated in Hong Kong:		
Held under long lease	37,936	47,998
Held under medium-term lease	5,277	5,492
Freehold land and building situated outside Hong Kong	3,560	3,647
Building situated in Hong Kong	12,274	14,098
Building situated outside Hong Kong	3,669	3,847
Factory premises situated outside Hong Kong:		
Held under medium-term lease	2,134	3,011
	<b>64,850</b>	<b>78,093</b>

During the year, the Group transferred certain property interests from property, plant and equipment to investment properties. The resulting revaluation surplus of approximately HK\$5,128,000 relating to such property interests as at the date of transfer had been credited to the property revaluation reserve.

### 13. INVESTMENT PROPERTIES

	THE GROUP	
	2010 HK\$'000	2009 HK\$'000
Balance at beginning of the year	23,550	27,890
Transfer from property, plant and equipment	14,000	—
Disposal	—	(3,280)
Surplus/(deficit) on revaluation	1,790	(1,060)
Balance at end of the year	<b>39,340</b>	<b>23,550</b>

The investment properties were revalued at 31st March, 2010 on an open market value basis by Dudley Surveyors Limited, independent Chartered Surveyors. The revaluation surplus of HK\$1,790,000 (2009: deficit of HK\$1,060,000) has been recognized in the consolidated income statement.

### 13. INVESTMENT PROPERTIES *(Continued)*

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>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Situated in Hong Kong:		
Held under long lease	<b>35,790</b>	20,120
Situated outside Hong Kong:		
Held under medium-term lease	<b>3,550</b>	3,430
	<b>39,340</b>	23,550

### 14. INTERESTS IN SUBSIDIARIES

	<b>THE COMPANY</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Unlisted shares, at cost	<b>280,229</b>	280,229
Advances to subsidiaries	<b>595,048</b>	570,218
	<b>875,277</b>	850,447

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.

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## Notes to the Financial Statements

For the year ended 31st March, 2010

### 14. INTERESTS IN SUBSIDIARIES (Continued)

Particulars of the Company's principal subsidiaries as at 31st March, 2010 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid up share capital	Proportion of nominal value of issued share capital held by the Group		Principal activities
			2010	2009	
Aland Limited	Hong Kong/PRC	2 ordinary shares of HK\$1 each	100%	100%	Property investment
Beef Bowl Limited	Hong Kong	20,000 ordinary shares of HK\$10 each	100%	100%	Investment holding
Better Choice Investments Limited	British Virgin Islands	1 ordinary share of US\$1	100%	100%	Investment holding
Better Star Limited	British Virgin Islands/Hong Kong	1 ordinary share of US\$1	100%	100%	Property investment
Billion Trade Development Limited	Hong Kong	1 ordinary share of HK\$1	100%	100%	Investment
City Court Properties Limited	British Virgin Islands/Hong Kong	21 ordinary shares of US\$1 each	100%	100%	Investment holding
Citydragon Resources Limited	British Virgin Islands	1 ordinary share of US\$1	100%	100%	Investment holding
Cost Logistics Limited	British Virgin Islands	1 ordinary share of US\$1	100%	100%	Investment holding
Gold Throne International Limited	British Virgin Islands	1 ordinary share of US\$1	100%	—	Investment holding
Golden Fidelity Holdings Limited	Hong Kong	2 ordinary shares of HK\$1 each	100%	100%	Property holding

## 14. 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
			2010	2009	
Golden Resources China (Group) Limited	Samoa	1 ordinary share of US\$1	100%	100%	Investment holding and property holding
Golden Resources Development Limited	Hong Kong	2,000,000 non- voting deferred shares* of HK\$1 each and 2 ordinary shares of HK\$1 each	100%	100%	Overseas sourcing, processing, packaging, marketing, sales and distribution of rice
Golden Resources Holdings Limited	British Virgin Islands	21,268 ordinary shares of US\$1 each	100%	100%	Investment holding
Golden Resources Rice Industries Limited	British Virgin Islands	1,000 ordinary shares of US\$1 each	100%	100%	Investment holding
Golden Resources Rice Trading Limited	Hong Kong	260,000 ordinary shares of HK\$10 each	100%	100%	Importing, wholesaling and local purchasing of rice (Registered rice stockholder and wholesaler)
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

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## Notes to the Financial Statements

For the year ended 31st March, 2010

### 14. 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
			2010	2009	
Great Lead International Limited	British Virgin Islands	1 ordinary share of US\$1	100%	—	Investment holding
Great Lead Vietnam Company Limited	Socialist Republic of Vietnam	Charter Capital US\$7,300,000 Paid up Capital US\$385,938	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
High Super Enterprises Limited	British Virgin Islands	1 ordinary share of US\$1	100%	100%	Investment holding
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
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
Shantou SEZ Golden Resources Grain Co., Ltd.	PRC	#RMB10,300,000	100%	100%	Processing, packaging, marketing, sales and distribution of rice



## 14. 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
			2010	2009	
Shantou SEZ Golden Resources Rice Co., Ltd. <sup>##</sup>	PRC	<sup>#</sup> US\$4,579,314	65%	65%	Processing, packaging, marketing, sales and distribution of rice
Sun Kai Yip (Shanghai) Industrial Investment Co., Ltd.	PRC	<sup>#</sup> 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
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)

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

\* 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.

<sup>#</sup> Paid-up registered capital

<sup>##</sup> 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.

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## Notes to the Financial Statements

For the year ended 31st March, 2010

### 15. INTERESTS IN ASSOCIATES

	THE GROUP	
	2010 HK\$'000	2009 HK\$'000
Listed and unlisted investments:		
Share of net assets	<b>92,401</b>	117,453
Goodwill on acquisition	<b>20,979</b>	22,211
	<b>113,380</b>	139,664
Advances to associates	<b>165,665</b>	86,763
	<b>279,045</b>	226,427
Share of net assets of an associate listed in Hong Kong	<b>40,600</b>	51,639
Market value of shares held in an associate listed in Hong Kong	<b>105,400</b>	89,760

#### Notes:

- (a) The balances of advances to associates as at 31st March, 2010 are 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) The balances of advances to associates as at last year ended 31st March, 2009 were unsecured and interest-free.
- (c) Investments in certain associates were in the form of equity and loans from the Group and other shareholders in accordance with respective percentages of equity shareholding in these associates. Investments in the form of loans were comparatively more significant than those in the form of equity, so that the entire amounts were treated as quasi-capital. Under these circumstances, losses incurred by these associates were shared by the Group to the extent that the losses did not exceed the aggregate of their equity and loan investments. The relevant amounts of share of losses of associates included in the advances to associates are approximately HK\$2,229,000 (2009: HK\$2,229,000).
- (d) The Directors consider that the recoverable amounts of interests in associates approximate their carrying amounts as at 31st March, 2010.

## 15. INTERESTS IN ASSOCIATES *(Continued)*

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

	<b>THE GROUP</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Balance at beginning of the year	<b>22,211</b>	22,211
Derecognised during the year	<b>(1,232)</b>	—
Balance at end of the year	<b>20,979</b>	22,211

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

Particulars of the Group's principal associates at 31st March, 2010 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
				2010	2009	
Dragon Fortune Ltd.	Incorporated	British Virgin Islands	57,895 ordinary shares of US\$1 each	<b>28.00%</b>	28.00%	Investment holding
GR Engineering Limited	Incorporated	British Virgin Islands	10,000 ordinary shares of US\$1 each	<b>40.00%</b>	40.00%	Investment holding
GR Vietnam Holdings Limited	Incorporated	Bermuda/ Hong Kong	2,824,643,047 ordinary shares of HK\$0.01 each	<b>24.07%</b>	24.07%	Trading and distribution of electronic products and other merchandise and securities investment and trading

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## Notes to the Financial Statements

For the year ended 31st March, 2010

### 15. 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
				2010	2009	
Sirinumma 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>	—	Investment holding
Supreme Development Company Limited*	Incorporated	Hong Kong/ Hong Kong and the 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>	—	Property development and holding
Wellight Development Limited	Incorporated	Hong Kong	1,000 ordinary shares of HK\$1 each	<b>37.50%</b>	37.50%	Investment holding

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

## 15. 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>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Total assets	<b>1,390,607</b>	1,264,177
Total liabilities	<b>(1,010,445)</b>	(787,163)
	<b>380,162</b>	477,014
Minority interests	<b>(67,834)</b>	(74,076)
	<b>312,328</b>	402,938
Group's share of net assets of associates	<b>92,401</b>	117,453
Revenue	<b>696,047</b>	751,039
Profit/(loss) for the year	<b>140,548</b>	(341,681)
Group's share of current year's results of associates as at the end of the reporting period	<b>62,129</b>	(84,053)

## 16. AVAILABLE-FOR-SALE INVESTMENTS

	<b>THE GROUP</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Equity securities:		
Listed in Hong Kong	<b>1,342</b>	2,719
Unlisted	<b>36,071</b>	38,620
	<b>37,413</b>	41,339
Other unlisted securities	<b>3,977</b>	—
	<b>41,390</b>	41,339

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.

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## Notes to the Financial Statements

For the year ended 31st March, 2010

### 17. 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	
	2010	2009
	HK\$'000	HK\$'000
Leasehold land situated in Hong Kong:		
Held under medium-term lease	14,449	14,837
Leasehold land situated outside Hong Kong:		
Held under medium-term lease	4,273	4,390
Held under long lease	301	307
	<hr/>	<hr/>
	19,023	19,534

### 18. INVENTORIES

	THE GROUP	
	2010	2009
	HK\$'000	HK\$'000
At cost:		
Raw materials	70,332	61,439
Finished goods	12,932	16,309
Consumable stores	7,041	6,314
	<hr/>	<hr/>
	90,305	84,062

### 19. TRADE DEBTORS

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

	THE GROUP	
	2010	2009
	HK\$'000	HK\$'000
Within 30 days	45,648	38,870
31-60 days	24,909	19,920
61-90 days	6,272	5,933
Over 90 days	3,588	4,302
	<hr/>	<hr/>
	80,417	69,025

## 19. TRADE DEBTORS (Continued)

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, 2010, trade debtors over 90 days amounted to HK\$3,588,000 (2009: HK\$4,302,000) 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 the provision for impairment of doubtful debts during the year are set out below:

	THE GROUP	
	2010	2009
	HK\$'000	HK\$'000
Balance at beginning of the year	2,237	1,225
Impairment losses recognised on trade receivables	189	1,272
Amount written off as uncollectible	(524)	(260)
Balance at end of the year	1,902	2,237

## 20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	THE GROUP	
	2010	2009
	HK\$'000	HK\$'000
Equity securities:		
Listed in Hong Kong	53,026	31,261
Listed outside Hong Kong	5,902	4,085
	58,928	35,346
Debt securities:		
Listed outside Hong Kong	61,482	—
Unlisted	35,509	55,360
	96,991	55,360
Other unlisted securities	14,071	—
	169,990	90,706

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.

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## Notes to the Financial Statements

For the year ended 31st March, 2010

### 21. TRADE CREDITORS

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

	THE GROUP	
	2010	2009
	HK\$'000	HK\$'000
Within 30 days	9,032	1,798
31-60 days	5,033	412
Over 90 days	13	60
	<b>14,078</b>	<b>2,270</b>

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

### 22. DEFERRED TAX LIABILITIES

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

	THE GROUP Accelerated tax depreciation HK\$'000
At 31st March, 2008	2,671
Credit to income for the year	(96)
Effect of change in tax rate	(153)
At 31st March, 2009	2,422
Charge to expense for the year	963
At 31st March, 2010	<b>3,385</b>

At the end of the reporting period, the Group has unused tax losses of approximately HK\$26,643,000 (2009: HK\$85,140,000) 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.



## 23. 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, 2010 and pursuant to the conversion rights attached to the 2009 Notes, parts of the 2009 Notes with principal amounts of HK\$10,000,000, HK\$18,000,000 and HK\$5,000,000 were converted into the Company's ordinary shares at the conversion price of HK\$0.26 per share on 6th August, 2009, 2nd October, 2009 and 18th March, 2010 respectively (the "Share Conversion"). The Company issued an aggregate of 126,923,076 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\$32,017,000 and HK\$983,000 respectively; and increases in share capital and share premium by approximately HK\$12,692,000 and HK\$20,308,000 respectively.

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## Notes to the Financial Statements

For the year ended 31st March, 2010

### 23. CONVERTIBLE NOTES (Continued)

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

	2010 HK\$'000	2009 HK\$'000
Balance at beginning of the year	70,787	86,210
Conversion	(32,017)	—
Effective interest (Note 8)	1,250	2,636
Interest paid	(1,181)	(4,533)
Redemption	—	(84,313)
Proceeds from issuance	—	72,800
Equity component	—	(2,169)
Liability component after conversion/at issuance of the notes	38,839	70,631
Effective interest (Note 8)	85	156
Balance at end of the year	38,924	70,787

### 24. SHARE CAPITAL

	Number of shares of HK\$0.10 each	HK\$'000
Authorised		
At 1st April, 2008, 31st March, 2009 and 31st March, 2010	3,000,000,000	300,000
Issued and fully paid		
At 1st April, 2008 and 31st March, 2009	1,406,906,460	140,691
Issue of ordinary shares on 6th August, 2009, 2nd October, 2009 and 18th March, 2010 pursuant to the exercise of the conversion rights attached to the convertible notes	126,923,076	12,692
At 31st March, 2010	1,533,829,536	153,383

## **24. SHARE CAPITAL** *(Continued)*

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

## **25. 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 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 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 153,382,953 shares as at the date of the annual report. The maximum number of shares issued and to be issued upon exercise of the share options granted to each eligible participant in the Scheme (including exercised, cancelled and outstanding options) within any 12-month period, is limited to 1% of the shares of the Company in issue. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

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

### **25. SHARE OPTIONS** *(Continued)*

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

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

No option was granted, exercised, lapsed or cancelled during both years or remained outstanding as at 31st March, 2010 and 31st March, 2009.

### **26. 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 36 to 37 of the financial statements.

## 26. RESERVES (Continued)

### The Company

	Share premium HK\$'000	Contributed surplus HK\$'000	Capital redemption reserve HK\$'000	Convertible notes equity reserve HK\$'000	Dividend reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 31st March, 2008	404,740	244,734	515	1,187	21,104	44,268	716,548
Loss for the year	—	—	—	—	—	(43,255)	(43,255)
Redemption of convertible notes	—	—	—	(1,187)	—	—	(1,187)
Equity component of convertible notes	—	—	—	2,169	—	—	2,169
Prior year final dividend paid	—	—	—	—	(21,104)	—	(21,104)
Interim dividend paid	—	(14,069)	—	—	—	—	(14,069)
Final dividend proposed for the year ended 31st March, 2009	—	(14,069)	—	—	14,069	—	—
At 31st March, 2009	404,740	216,596	515	2,169	14,069	1,013	639,102
Profit for the year	—	—	—	—	—	57,353	57,353
Issue of ordinary shares pursuant to conversion of convertible notes	20,308	—	—	(983)	—	—	19,325
Prior year final dividend paid	—	—	—	—	(14,069)	(385)	(14,454)
Interim dividend paid	—	—	—	—	—	(18,175)	(18,175)
Final dividend proposed for the year ended 31st March, 2010	—	—	—	—	18,406	(18,406)	—
At 31st March, 2010	425,048	216,596	515	1,186	18,406	21,400	683,151

#### Notes:

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

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## Notes to the Financial Statements

For the year ended 31st March, 2010

### 26. RESERVES (Continued)

#### The Company (Continued)

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

	2010 HK\$'000	2009 HK\$'000
Contributed surplus	216,596	216,596
Dividend reserve	18,406	14,069
Retained earnings	21,400	1,013
	<b>256,402</b>	<b>231,678</b>

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.

### 27. MINORITY 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 minority shareholders' equity and loan investments were taken into account in sharing the losses incurred by these subsidiaries. The relevant amounts of minority shareholders' shares of losses of subsidiaries included in the advances from minority shareholders are approximately HK\$841,000 (2009: HK\$841,000).

### 28. PLEDGE OF ASSETS

At the end of the reporting period, the Group pledged cash balance of approximately HK\$27.7 million (2009: HK\$19.1 million) and financial assets of approximately HK\$107.2 million (2009: HK\$46.6 million) to secure general credit facilities granted to a subsidiary.

## 29. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

### (a) Directors' emoluments

	2010 HK\$'000	2009 HK\$'000
Fees	240	240
Basic salaries, allowances and benefits in kind	9,297	8,106
Retirement benefits scheme contributions	267	258
Bonus paid	6,799	618
	<b>16,603</b>	<b>9,222</b>

Name of director	Fees	Other emoluments			2010 Total HK\$'000	2009 Total HK\$'000
	HK\$'000	Basic salaries, allowances and benefits in kind HK\$'000	Retirement benefits scheme contributions HK\$'000	Bonus paid HK\$'000		
<b>Executive Director</b>						
Mr. David LAM Kwing Chan *	—	—	—	—	—	409
Mr. Alvin Leslie LAM Kwing Wai	—	3,172	51	3,526	6,749	3,325
Madam Rosita YUEN LAM Kit Woo	—	1,458	55	2,175	3,688	1,483
Mr. Laurent LAM Kwing Chee	—	1,951	80	175	2,206	1,946
Mr. TSANG Siu Hung	—	1,304	44	571	1,919	1,421
Mr. Anthony LAM Sai Ho **	—	1,412	37	352	1,801	398
<b>Independent Non-executive Director</b>						
Mr. Leo CHAN Fai Yue	80	—	—	—	80	80
Mr. John WONG Yik Chung	80	—	—	—	80	80
Mr. Richard LAU Siu Sun	80	—	—	—	80	80
<b>2010 Total</b>	<b>240</b>	<b>9,297</b>	<b>267</b>	<b>6,799</b>	<b>16,603</b>	<b>9,222</b>
2009 Total	240	8,106	258	618	9,222	

\* Deceased on 12th June, 2008

\*\* Appointed on 3rd December, 2008

### 29. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

#### (b) Employees' emoluments

The five highest paid employees during the year included four (2009: four) directors, details of whose remunerations are set out in note 29(a) above. The remunerations paid to the five highest paid employees are as follows:

	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Basic salaries, allowances and benefits in kind	<b>9,775</b>	9,248
Retirement benefits scheme contributions	<b>315</b>	308
Bonus paid	<b>8,593</b>	1,181
	<b>18,683</b>	10,737

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

<i>HK\$</i>	<b>No. of persons</b>	
	<b>2010</b>	2009
1,000,001 – 1,500,000	—	2
1,500,001 – 2,000,000	1	1
2,000,001 – 2,500,000	1	—
2,500,001 – 3,000,000	—	1
3,000,001 – 3,500,000	—	1
3,500,001 – 4,000,000	1	—
4,000,001 – 4,500,000	1	—
6,500,001 – 7,000,000	1	—
	<b>5</b>	5



### 30. RELATED PARTY TRANSACTIONS

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

	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Net amount of trade purchases from and services rendered to associates	<b>272,661</b>	340,671

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

#### 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>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Short-term employee benefits	<b>20,372</b>	12,439
Post-employment employee benefits	<b>352</b>	368
	<b>20,724</b>	12,807

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

During the year, the Group rented a property owned by a landlord in which the Director of the Company, Mr. Alvin Leslie LAM Kwing Wai, had a beneficial interest. Total rental expenses incurred for the year amounted to HK\$960,000 (2009: HK\$960,000).

Details of balances with associates at the end of the reporting period are set out in note 15.

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 31(c).

### 31. COMMITMENTS AND CONTINGENT LIABILITIES

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

#### (a) Contracted capital commitments

	THE GROUP	
	2010	2009
	HK\$'000	HK\$'000
Acquisition of property, plant and equipment	241	250
Capital contribution for an available-for-sale investment	20,400	20,400
	<b>20,641</b>	20,650

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

#### (b) Operating lease commitments

##### *The Group as lessee*

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

	THE GROUP	
	2010	2009
	HK\$'000	HK\$'000
Within one year	1,437	1,259
In the second to fifth years inclusive	369	—
	<b>1,806</b>	1,259

Operating lease payments represent rentals payable by the Group in respect of rented premises. Leases are negotiated for an average term of 2 years with fixed rentals.

### 31. COMMITMENTS AND CONTINGENT LIABILITIES *(Continued)*

#### (b) Operating lease commitments *(Continued)*

##### *The Group as lessor*

Property rental income earned during the year was HK\$1,311,000 (2009: HK\$1,177,000). 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:

	<b>THE GROUP</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Within one year	<b>1,406</b>	725
In the second to fifth years inclusive	<b>561</b>	310
	<b>1,967</b>	1,035

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

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

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b>2010</b>	2009	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Guarantees given in respect of banking facilities made available to:				
— subsidiaries	—	—	<b>104,000</b>	157,253
— associates	<b>71,940</b>	49,525	<b>71,940</b>	49,525
	<b>71,940</b>	49,525	<b>175,940</b>	206,778

At the end of the reporting period, the Group's subsidiaries had not utilised any of the banking facilities guaranteed by the Company. The extent of guaranteed banking facilities utilised by the associates as at 31st March, 2010 amounted to approximately HK\$34,338,000 (2009: HK\$17,877,000).

### 31. COMMITMENTS AND CONTINGENT LIABILITIES *(Continued)*

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

At the end of the reporting period, the Directors did not consider it probable that a claim would be made against the Group under any of the guarantees granted by the Group.

The Group has not recognised any deferred income in respect of the financial guarantee contracts granted as the Directors consider that the fair values of financial guarantee contracts are not significant. The fair values of financial guarantee contracts were determined by BMI Appraisals Limited, an independent qualified professional valuer.

### 32. RETIREMENT BENEFITS SCHEMES

	THE GROUP	
	2010	2009
	HK\$'000	HK\$'000
Retirement benefits schemes contributions	1,921	1,943
Less: Forfeited contributions	(34)	(4)
	<b>1,887</b>	<b>1,939</b>

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.

### 32. 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.

### 33. FINANCIAL INSTRUMENTS — FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

#### (a) Currency risk management

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

	THE GROUP	
	2010	2009
	HK\$'000	HK\$'000
Assets		
Denominated in Renminbi	117,847	117,899
Liabilities		
Denominated in Renminbi	8,599	9,556

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

#### (a) Currency risk management *(Continued)*

The Group is mainly exposed to the effects of fluctuation in Renminbi. The following table lists out the Group's sensitivity to a 5% increase and decrease in Renminbi against the Hong Kong dollar. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary assets and liabilities and adjusts their translation at the year end for a 5% change in foreign currency rates. 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	
	2010	2009
	HK\$'000	HK\$'000
Impact of Renminbi	5,462	5,417

#### (b) Capital risk management

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

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

#### (b) Capital risk management *(Continued)*

The Group monitors capital management on the basis of debt-to-equity ratio. The Group had cash balance of HK\$245,787,000 (2009: HK\$229,413,000) and no outstanding bank loans except for convertible notes amounted to HK\$38,924,000 (2009: HK\$70,787,000) 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:

	2010 HK\$'000	2009 HK\$'000
Total debts:		
Convertible notes	<b>38,924</b>	70,787
Shareholders' equity	<b>970,952</b>	784,612
Debt-to-equity ratio	<b>4.0%</b>	9.0%

#### (c) Credit risk management

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

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

#### (d) Liquidity risk management

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

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

#### (d) Liquidity risk management *(Continued)*

As at 31st March, 2010, the Group's net current assets amounted to HK\$561,035,000 (2009: HK\$465,036,000) with current ratio, calculated as current assets divided by current liabilities, at approximately 10.99 times (2009: 10.30 times). Together with cash balance of HK\$245,787,000 (2009: HK\$229,413,000), the Group is in sound financial position to meet the capital requirements of the Group's operations and developments in the near future.

As at 31st March, 2010, the Group's contractual financial liabilities included total current liabilities of HK\$56,104,000 (2009: HK\$49,991,000) to be due within one year and convertible notes of HK\$38,924,000 (2009: HK\$70,787,000) to be due in the second to fifth year inclusive. Total current liabilities to be due within one year included trade creditors of \$14,078,000 (2009: HK\$2,270,000), other creditors and accruals of HK\$16,145,000 (2009: HK\$16,904,000) and tax liabilities of HK\$25,881,000 (2009: HK\$30,817,000).

#### (e) Fair value

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

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

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

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



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

#### (e) Fair value *(Continued)*

	THE GROUP			Total HK\$'000
	At 31st March, 2010			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
<b>Financial assets</b>				
Available-for-sale investments	1,342	—	40,048	41,390
Financial assets at fair value through profit or loss	120,410	49,580	—	169,990
	121,752	49,580	40,048	211,380

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

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

	THE GROUP 2010 HK\$'000
<b>Unlisted available-for-sale investments</b>	
Balance at beginning of the year	38,620
Additions	14,192
Impairment loss recognized in the income statement <i>(note 7)</i>	(12,764)
Balance at end of the year	40,048

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

#### **(e) Fair value** *(Continued)*

The fair values of financial assets are determined as follows:

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

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

#### **(f) Financial instruments price risk management**

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

As at 31st March, 2010, 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\$1,342,000 (2009: HK\$2,719,000) and HK\$169,990,000 (2009: HK\$90,706,000) respectively. For sensitivity analysis purpose, a 15% change (2009: 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\$201,000 (2009: HK\$408,000) and HK\$25,498,000 (2009: HK\$13,606,000) respectively.

### **34. EVENT AFTER THE REPORTING PERIOD**

Details of the event after the reporting period of the Group are set out in the Report of the Directors section of the annual report.

### **35. COMPARATIVE FIGURES**

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

# Annual Report 2010

## Schedule of Investment Properties

At 31st March, 2010

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%

# Annual Report 2010

## Group Financial Summary

At 31st March, 2010

	Year ended 31st March,				
	2006 HK\$'000	2007 HK\$'000	2008 HK\$'000	2009 HK\$'000	2010 HK\$'000
<b>RESULTS</b>					
Turnover	591,990	529,542	556,864	757,717	<b>743,038</b>
Profit/(loss) before taxation	112,367	104,894	24,423	(161,463)	<b>186,164</b>
Taxation	(21,376)	(15,980)	(15,520)	(7,500)	<b>(11,804)</b>
Profit/(loss) for the year	90,991	88,914	8,903	(168,963)	<b>174,360</b>
Attributable to:					
Shareholders of the Company	88,998	77,078	8,722	(167,632)	<b>174,553</b>
Minority interests	1,993	11,836	181	(1,331)	<b>(193)</b>
	90,991	88,914	8,903	(168,963)	<b>174,360</b>
Dividends	32,672	38,690	38,690	28,138	<b>36,581</b>
<b>ASSETS AND LIABILITIES</b>					
	As at 31st March,				
	2006 HK\$'000	2007 HK\$'000	2008 HK\$'000	2009 HK\$'000	2010 HK\$'000
Total assets	1,031,271	1,108,671	1,158,855	920,126	<b>1,081,534</b>
Total liabilities	(101,177)	(89,362)	(148,143)	(123,200)	<b>(98,413)</b>
Minority interests	(12,268)	(12,685)	(13,057)	(12,314)	<b>(12,169)</b>
Shareholders' equity	917,826	1,006,624	997,655	784,612	<b>970,952</b>