



GOLDEN RESOURCES  
DEVELOPMENT INTERNATIONAL LIMITED  
(Stock Code: 677)  
Incorporated in Bermuda with Limited Liability

# 2014

## ANNUAL REPORT



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

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

### Independent Non-executive Directors

John WONG Yik Chung  
Michael YU Tat Chi  
Ronald YAN Mou Keung

## COMPANY SECRETARY

LEUNG Chi Keung

## AUDITOR

HLM CPA Limited  
Certified Public Accountants

## PRINCIPAL BANKER

The Hongkong & Shanghai Banking  
Corporation Limited

## REGISTERED OFFICE

Clarendon House, 2 Church Street  
Hamilton HM11, Bermuda

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

Appleby Management (Bermuda) Ltd.  
Canon's Court, 22 Victoria Street,  
Hamilton HM12, Bermuda

## BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Standard Limited  
Level 22, Hopewell Centre,  
183 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

# CHAIRMAN'S STATEMENT

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, 2014.

## BUSINESS REVIEW AND PROSPECTS

For the year under review, the Group's rice core business in Hong Kong continued to perform satisfactorily. The rice market operating environment remained challenging as the severe market competition among major market operators persist. Higher labour cost and manufacturing overheads continued to pose pressure on the profit margin. To improve the performance of the Group and bring sustainable returns to shareholder, the Group keeps on leveraging its strength in its market leadership, enhancing all areas of operation, from marketing and product innovation to operational processes, and achieving cost effectiveness in a steady and balanced manner, so as to sustain the Group's competitiveness and profitability.

In Vietnam, the Group's Circle K convenience store business is progressing as planned. We continue to stay focus on expanding of our store network to accelerate the reach of the critical mass. We are actively expanding the product category by sourcing not only domestically but also directly across ASEAN countries so as to broaden product category and enhance category awareness. The Hot-Food-Eat-In service has been overwhelmingly received by customers and is the main driver of revenue and margin growth. We continue to launch innovative marketing initiatives and promotional programs to enhance Circle K brand preference among convenience store users. To enhance international sourcing initiative and logistics support, a distribution centre was set up with a view to strengthening its supply chain management given its increasingly growing store network. With these strategies, coupled with a consistent effort to maintain high standard of customer service, we were able to sustain its sales growth momentum and report an encouraging growth in comparable store sales for the year under review. The recent riot across Vietnam targeting foreign factories sparked by the territorial disputes between Mainland China and Vietnam had no impact on our convenience store business. Our Vietnam convenience store business is developed and managed by a team of proficient professionals who are industry pioneers. They have already built up a retail management team with local capable staff to operate the convenience store business there. We have expedited the localization program so that the retail management team is professionally competent to operate the business and meet the business challenges ahead. We believe and invest in people. We are confident that our Vietnam convenience store business will generate good return for our shareholders in the long run.

# CHAIRMAN'S STATEMENT

After the financial year ended 31st March, 2014, the Group entered into the sale and purchase agreement to dispose of its entire 28% interest and the shareholder's loan in an associate company for a total consideration of HK\$107,183,362. Subject to audit, the disposal represents a gain of approximately HK\$42 million, and the gain will be recorded in the financial year ending 31st March, 2015. The completion took place on 31st May, 2014.

During the year, the Group maintained a stable and healthy financial position with strong net cash inflows. As of 31st March, 2014, the Group had net cash and bank balances to the extent of HK\$155 million. With a sound financial platform, we will continue to explore attractive projects that will enhance shareholder value. We are optimistic about overall business prospects.

Looking forward, the Golden Resources Group continues to sustain its long-term growth by strengthening its existing business and seeking attractive investment. We will continue to pursue quality investments which promise a positive return and good potential to create further value for shareholders. We are confident in the Golden Resources Group's business prospects.

## FINAL DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of 1.2 cents per share (2013: 1.2 cents per share) for the year ended 31st March, 2014 to the shareholders on the Register of Members of the Company at the close of business on Tuesday, 2nd September, 2014. Together with the interim dividend of 1.2 cents per share paid on Wednesday, 15th January, 2014, the total dividends for the year ended 31st March, 2014 will be 2.4 cents per share (2013: 2.4 cents per share).

Subject to the approval of shareholders at the forthcoming annual general meeting, the final dividend will be paid to the shareholders on or about Monday, 15th September, 2014.

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

For the purpose of determining the entitlement of the shareholders to attend and vote at the forthcoming annual general meeting, the Register of Members of the Company will be closed from Friday, 22nd August, 2014 to Thursday, 28th August, 2014, both days inclusive, during which period no transfer of shares of the Company will be registered. Shareholders whose names appear on the Register of Members of the Company at the close of business on Thursday, 21st August, 2014 will be entitled to attend and vote at the forthcoming annual general meeting. All transfers of shares accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Standard Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 21st August, 2014.

# CHAIRMAN'S STATEMENT

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

The last day for trading in the Company's shares with entitlement to the final dividend will be on Friday, 29th August, 2014. The Company's shares will be traded ex-entitlement on Monday, 1st September, 2014.

The record date for the entitlement to the final dividend is at 4:30 p.m. on Tuesday, 2nd September, 2014. In order to qualify for the final dividend, if approved, all transfers of shares accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Standard Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 2nd September, 2014. The final dividend will be paid on or about Monday, 15th September, 2014.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares for the year ended 31st March, 2014.

On behalf of the Board

**Alvin Leslie LAM Kwing Wai**

*Chairman*

Hong Kong, 24th June, 2014

# COMPANY BACKGROUND

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.

# CORPORATE GOVERNANCE REPORT

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

## CORPORATE GOVERNANCE PRACTICES

The Company adopted all the code provisions in the Corporate Governance Code and Corporate Governance Report (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) as its own code on corporate governance. The Company has complied with the Code throughout the year ended 31st March, 2014 except the following deviations:

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

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

Code provision A.6.7 of the Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings. Mr. Richard LAU Siu Sun, the former Independent Non-executive Director of the Company, was unable to attend the Annual General Meeting of the Company held on 29th August, 2013 due to his other personal engagements.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by Directors. All Directors have confirmed, following specific enquiry by the Company that they fully complied with the required standard as set out in the Model Code throughout the year ended 31st March, 2014.



# CORPORATE GOVERNANCE REPORT

## THE BOARD

### Composition

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

During the year, Mr. Alvin Leslie LAM Kwing Wai, the Executive Director of the Company, resigned as the Managing Director of the Company on 26th September, 2013. Mr. Anthony LAM Sai Ho, the Executive Director of the Company, was appointed as the Managing Director of the Company on 26th September, 2013.

During the year, Mr. Anthony LAM Sai Ho, the Executive Director of the Company, resigned as the Vice Chairman of the Company on 26th September, 2013. Mr. Laurent LAM Kwing Chee was appointed as the Vice Chairman of the Company on 26th September, 2013.

During the year, Mr. Richard LAU Siu Sun resigned as an Independent Non-executive Director of the Company on 30th September, 2013. Mr. Ronald YAN Mou Keung was appointed as an Independent Non-executive Director of the Company on 30th September, 2013.

The composition of the Board of the Company for the year ended 31st March, 2014 and up to the date of this report were:

### Executive Directors:

Mr. Alvin Leslie LAM Kwing Wai (*Chairman*) (*Note 1*)  
Mr. Laurent LAM Kwing Chee (*Vice Chairman*) (*Note 2*)  
Mr. Anthony LAM Sai Ho (*Managing Director*) (*Note 3*)  
Madam LAM Kit Woo  
Mr. TSANG Siu Hung

### Independent Non-executive Directors:

Mr. John WONG Yik Chung  
Mr. Michael YU Tat Chi  
Mr. Ronald YAN Mou Keung (*Note 4*)  
Mr. Richard LAU Siu Sun (*Note 5*)

# CORPORATE GOVERNANCE REPORT

## Notes:

1. Mr. Alvin Leslie LAM Kwing Wai resigned as the Managing Director of the Company on 26th September, 2013.
2. Mr. Laurent LAM Kwing Chee was appointed as the Vice Chairman of the Company on 26th September, 2013.
3. Mr. Anthony LAM Sai Ho resigned as the Vice Chairman of the Company and was appointed as the Managing Director of the Company on 26th September, 2013.
4. Mr. Ronald YAN Mou Keung was appointed as the Independent Non-executive Director of the Company on 30th September, 2013.
5. Mr. Richard LAU Siu Sun resigned as the Independent Non-executive Director of the Company on 30th September, 2013.

Mr. Alvin Leslie LAM Kwing Wai, Chairman of the Company, is the brother of Mr. Laurent LAM Kwing Chee, Vice Chairman of the Company, and Madam LAM Kit Woo, the Executive Director of the Company, and the uncle of Mr. Anthony LAM Sai Ho, Managing Director of the Company. The biographical details and relationships among members of the Board are set out on pages 28 to 30 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, 2014, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors, representing one-third of the Board and with at least one Independent Non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received written annual confirmation in respect of independence from all its Independent Non-executive Directors pursuant to the requirements of the Listing Rules. The Company considers all Independent Non-executive Directors to be independent in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company has formal letter of appointment for all Directors setting out the key terms and conditions relative to their appointment.

# CORPORATE GOVERNANCE REPORT

Directors of the Company are continually updated with legal and regulatory developments, and the business environment to facilitate the discharge of their responsibilities. All Directors have participated in appropriate continuous professional training either by attending seminars or by reading materials relevant to the Company's business or to the Directors' duties and responsibilities. They have provided training records during the year to the Company.

During the year, the Company has arranged for appropriate liability insurance to indemnify its directors for their liabilities arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

## 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, 2014. Additional board meetings were held when necessary. Notices of at least 14 days accompanying with agenda for regular board meetings were given to all of the Directors. The Directors have been provided in a timely manner with appropriate information in order to enable them to discharge their duties and responsibilities. The regular board meetings have been participated by the Directors either in person or by way of telephone conference from time to time when necessary. Minutes of full board meetings and meetings of board committee are properly kept and all Directors are entitled to have access to board papers and the related materials.

During the year ended 31st March, 2014, none of the Directors of the Company has appointed any alternate to attend any board, committee and general meetings.

# CORPORATE GOVERNANCE REPORT

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

Name of Director	Board Meeting	General Meeting
	Number of Attendance/ Number of Meeting Held	Number of Attendance/ Number of Meeting Held
<b>Executive Directors:</b>		
Mr. Alvin Leslie LAM Kwing Wai ( <i>Chairman</i> ) ( <i>Note 1</i> )	4/4	1/1
Mr. Laurent LAM Kwing Chee ( <i>Vice Chairman</i> ) ( <i>Note 2</i> )	4/4	1/1
Mr. Anthony LAM Sai Ho ( <i>Managing Director</i> ) ( <i>Note 3</i> )	3/4	1/1
Madam LAM Kit Woo	4/4	1/1
Mr. TSANG Siu Hung	4/4	1/1
<b>Independent Non-executive Directors:</b>		
Mr. John WONG Yik Chung	4/4	1/1
Mr. Michael YU Tat Chi	4/4	1/1
Mr. Ronald YAN Mou Keung ( <i>Note 4</i> )	2/2	0/0
Mr. Richard LAU Siu Sun ( <i>Note 5</i> )	1/2	0/1

*Notes:*

1. Mr. Alvin Leslie LAM Kwing Wai resigned as the Managing Director of the Company on 26th September, 2013.
2. Mr. Laurent LAM Kwing Chee was appointed as the Vice Chairman of the Company on 26th September, 2013.
3. Mr. Anthony LAM Sai Ho resigned as the Vice Chairman of the Company and was appointed as the Managing Director of the Company on 26th September, 2013.
4. Mr. Ronald YAN Mou Keung was appointed as the Independent Non-executive Director of the Company on 30th September, 2013.
5. Mr. Richard LAU Siu Sun resigned as the Independent Non-executive Director of the Company on 30th September, 2013.

# CORPORATE GOVERNANCE REPORT

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

## NON-EXECUTIVE DIRECTORS

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

## BOARD COMMITTEES

During the year ended 31st March, 2014, the Board has three established committees, namely, the Remuneration Committee, the Audit Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs.

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

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

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

### Remuneration Committee

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

# CORPORATE GOVERNANCE REPORT

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

During the year, Mr. Richard LAU Siu Sun resigned as member of the Remuneration Committee of the Company on 30th September, 2013 and Mr. Ronald YAN Mou Keung was appointed as member of the Remuneration Committee of the Company on 30th September, 2013.

The members of the Remuneration Committee for the year ended 31st March, 2014 comprise four members, of which three are Independent Non-executive Directors, Mr. Michael YU Tat Chi (Chairman of Remuneration Committee), Mr. John WONG Yik Chung, Mr. Ronald YAN Mou Keung and one is Executive Director, Mr. Alvin Leslie LAM Kwing Wai.

The principal duties of the Remuneration Committee include:

- to make recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- to make recommendations to the Board on the remuneration packages of individual executive directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; and
- to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.

# CORPORATE GOVERNANCE REPORT

The Remuneration Committee held one meeting during the year ended 31st March, 2014. The attendance of each member was as follows:

Name of Director	Number of Attendance/ Number of Meeting Held
Mr. Michael YU Tat Chi (Chairman of the Remuneration Committee)	1/1
Mr. Alvin Leslie LAM Kwing Wai	1/1
Mr. John WONG Yik Chung	1/1
Mr. Ronald YAN Mou Keung (Note 1)	0/0
Mr. Richard LAU Siu Sun (Note 2)	1/1

#### Notes:

1. Mr. Ronald YAN Mou Keung was appointed as member of the Remuneration Committee of the Company on 30th September, 2013.
2. Mr. Richard LAU Siu Sun resigned as member of the Remuneration Committee of the Company on 30th September, 2013.

During the year ended 31st March, 2014, the summary of work performed by the Remuneration Committee was as follows:

- reviewed the remuneration policy for 2013/2014;
- reviewed and updated the existing Directors' fee; and
- reviewed the remuneration of the Executive Directors and the Independent Non-executive Directors.

#### Nomination Committee

The Company established the Nomination Committee on 30th March, 2012 with specific written terms of reference in accordance with the requirement of the Stock Exchange which deal clearly with its authority and duties.

During the year, Mr. Richard LAU Siu Sun resigned as member of the Nomination Committee of the Company on 30th September, 2013 and Mr. Ronald YAN Mou Keung was appointed as member of the Nomination Committee of the Company on 30th September, 2013.

# CORPORATE GOVERNANCE REPORT

The members of the Nomination Committee for the year ended 31st March, 2014 comprise four members, of which three are Independent Non-executive Directors, Mr. John WONG Yik Chung, Mr. Michael YU Tat Chi, Mr. Ronald YAN Mou Keung and one is Executive Director, Mr. Alvin Leslie LAM Kwing Wai (Chairman of Nomination Committee).

## Board Diversity Policy

The Board has adopted a board diversity policy (the "Policy") in June 2014 which sets out the approach to achieve diversity on the Board of the Company. The Company recognises and embraces the benefits of diversity in Board members. All Board appointments will be based on merit while taking into account diversity including gender diversity. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee will review the Policy, as appropriate, to ensure the effectiveness of the Policy.

The principal duties of the Nomination Committee include:

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



# CORPORATE GOVERNANCE REPORT

The Nomination Committee held one meeting during the year ended 31st March, 2014. The attendance of each member was as follows:

Name of Director	Number of Attendance/ Number of Meeting Held
Mr. Alvin Leslie LAM Kwing Wai (Chairman of the Nomination Committee)	1/1
Mr. John WONG Yik Chung	1/1
Mr. Michael YU Tat Chi	1/1
Mr. Ronald YAN Mou Keung (Note 1)	0/0
Mr. Richard LAU Siu Sun (Note 2)	0/1

#### Notes:

1. Mr. Ronald YAN Mou Keung was appointed as member of the Nomination Committee of the Company on 30th September, 2013
2. Mr. Richard LAU Siu Sun resigned as member of the Nomination Committee of the Company on 30th September, 2013.

During the year ended 31st March, 2014, the summary of work performed by the Nomination Committee was as follows:

- reviewed the appointment of Independent Non-executive Director;
- reviewed the structure, size and composition of the Board; and
- reviewed and accessed the independence of Independent Non-executive Directors in accordance with the requirements under the Listing Rules.

#### Audit Committee

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

During the year, Mr. Richard LAU Siu Sun resigned as member of the Audit Committee of the Company on 30th September, 2013 and Mr. Ronald YAN Mou Keung was appointed as member of the Audit Committee of the Company on 30th September, 2013.

# CORPORATE GOVERNANCE REPORT

The members of the Audit Committee for the year ended 31st March, 2014 comprise three Independent Non-executive Directors, Mr. John WONG Yik Chung (Chairman of Audit Committee), Mr. Michael YU Tat Chi and Mr. Ronald YAN Mou Keung.

The principal duties of the Audit Committee include:

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

# CORPORATE GOVERNANCE REPORT

The Audit Committee held two meetings during the year ended 31st March, 2014. The attendance of each member is set out as follows:

Name of Director	Number of Attendance/ Number of Meeting Held
Mr. John WONG Yik Chung ( <i>Chairman of the Audit Committee</i> )	2/2
Mr. Michael YU Tat Chi	2/2
Mr. Ronald YAN Mou Keung ( <i>Note 1</i> )	1/1
Mr. Richard LAU Siu Sun ( <i>Note 2</i> )	1/1

*Notes:*

1. Mr. Ronald YAN Mou Keung was appointed as member of the Audit Committee of the Company on 30th September, 2013.
2. Mr. Richard LAU Siu Sun resigned as member of the Audit Committee of the Company on 30th September, 2013.

During the year ended 31st March, 2014, the summary of work performed by the Audit Committee was as follows:

- review of the financial statement for the year ended 31st March, 2013 and for the six months ended 30th September, 2013;
- review and discussion of the audit findings with the auditor and review of the annual results announcement;
- review and consideration of various accounting issues and new standards and their financial impact;
- review the effectiveness of the internal control system of the Group; and
- consideration of the audit fee and audit work for the year.

# CORPORATE GOVERNANCE REPORT

## Corporate Governance Functions

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

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

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

The Board held one meeting in respect of corporate governance functions during the year ended 31st March, 2014. The attendance of each member was as follows:

Name of Director	Number of Attendance/ Number of Meeting Held
Mr. Alvin Leslie LAM Kwing Wai ( <i>Chairman</i> ) ( <i>Note 1</i> )	1/1
Mr. Laurent LAM Kwing Chee ( <i>Vice Chairman</i> ) ( <i>Note 2</i> )	1/1
Mr. Anthony LAM Sai Ho ( <i>Managing Director</i> ) ( <i>Note 3</i> )	1/1
Madam LAM Kit Woo	1/1
Mr. TSANG Siu Hung	1/1
Mr. John WONG Yik Chung	1/1
Mr. Michael YU Tat Chi	1/1
Mr. Ronald YAN Mou Keung ( <i>Note 4</i> )	1/1
Mr. Richard LAU Siu Sun ( <i>Note 5</i> )	0/0

# CORPORATE GOVERNANCE REPORT

## Notes:

1. Mr. Alvin Leslie LAM Kwing Wai resigned as the Managing Director of the Company on 26th September, 2013.
2. Mr. Laurent LAM Kwing Chee was appointed as the Vice Chairman of the Company on 26th September, 2013.
3. Mr. Anthony LAM Sai Ho resigned as the Vice Chairman of the Company and was appointed as the Managing Director of the Company on 26th September, 2013.
4. Mr. Ronald YAN Mou Keung was appointed as the Independent Non-executive Director of the Company on 30th September, 2013.
5. Mr. Richard LAU Siu Sun resigned as the Independent Non-executive Director of the Company on 30th September, 2013.

During the year ended 31st March, 2014, the summary of work performed by the Board in respect of corporate governance functions was as follows:

- reviewed the Company's policies and practices on corporate governance for 2013/2014;
- reviewed the training and continuous professional development of directors; and
- reviewed the Company's compliance with the Code and disclosure in the Corporate Governance Report for 2013/2014.

## COMPANY SECRETARY

The Company Secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. For the year ended 31 March 2014, the Company Secretary undertook over 15 hours' professional training to update his skill and knowledge in compliance with the Code.

## AUDITORS' REMUNERATION

During the year ended 31st March, 2014, the total audit fee of the Group amounted to approximately HK\$513,000. Non-audit service fee for the year amounted to approximately HK\$34,000.

# CORPORATE GOVERNANCE REPORT

## DIRECTORS' RESPONSIBILITIES FOR PREPARING THE FINANCIAL STATEMENTS

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

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

The statement of the external auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 42 to 43 of this annual report.

## INTERNAL CONTROL

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

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

# CORPORATE GOVERNANCE REPORT

## SHAREHOLDERS' RIGHTS

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

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

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

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

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

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

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

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

No person, other than a retiring Director, shall, unless recommended by the board of directors for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected including that person's biographical details as required by rule 13.51(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, shall have been lodged at the Head Office of the Company at 11/F., Golden Resources Centre,

# CORPORATE GOVERNANCE REPORT

2-12 Cheung Tat Road, Tsing Yi Islands, New Territories, Hong Kong or at the Registration Office provided that the minimum length of the period, during which such notice is given, shall be at least 7 days before the date of the general meeting.

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

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

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

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

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

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

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

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



# CORPORATE GOVERNANCE REPORT

## COMMUNICATION WITH SHAREHOLDERS

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

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

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

Extensive information on the Company’s activities is provided in the annual and interim reports and circulars, which are sent to shareholders and are also available on the websites of Hong Kong Exchanges and Clearing Limited and the Company.

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

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

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

Details of the poll voting procedures are included in the Company’s circulars convening a general meeting. Where necessary, the detailed procedures for conducting a poll will be explained at the meeting. The results of the poll will be posted on the websites of Hong Kong Exchanges and Clearing Limited and the Company after each general meeting.

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

# REPORT OF THE DIRECTORS

The Directors present their annual report and the audited consolidated financial statements for the year ended 31st March, 2014.

## PRINCIPAL ACTIVITIES

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

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

## SUBSIDIARIES AND ASSOCIATES

Details of the Company's principal subsidiaries and of the Group's principal associates at 31st March, 2014 are set out in notes 15 and 16 to the financial statements.

## RESULTS AND APPROPRIATION

The results of the Group for the year ended 31st March, 2014 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 44 to 134.

An interim dividend of 1.2 cents per share amounting to approximately HK\$20,243,000 was paid to the shareholders during the year. The Directors now recommend the payment of a final dividend of 1.2 cents per share to the shareholders on the Register of Members on Tuesday, 2nd September, 2014 amounting to approximately HK\$20,243,000.

## SHARE PREMIUM AND RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 30 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 136 of the annual report.

## INVESTMENT PROPERTIES

The Group revalued all of its investment properties at 31st March, 2014. The revaluation deficit of HK\$300,000 has been charged to the consolidated statement of profit or loss.

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

# REPORT OF THE DIRECTORS

## 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 28 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*) (*Note 1*)  
 Mr. Laurent LAM Kwing Chee (*Vice Chairman*) (*Note 2*)  
 Mr. Anthony LAM Sai Ho (*Managing Director*) (*Note 3*)  
 Madam LAM Kit Woo  
 Mr. TSANG Siu Hung

### Independent Non-executive Directors:

Mr. John WONG Yik Chung  
 Mr. Michael YU Tat Chi  
 Mr. Ronald YAN Mou Keung (*Note 4*)  
 Mr. Richard LAU Siu Sun (*Note 5*)

### Notes:

1. Mr. Alvin Leslie LAM Kwing Wai resigned as the Managing Director of the Company on 26th September, 2013.
2. Mr. Laurent LAM Kwing Chee was appointed as the Vice Chairman of the Company on 26th September, 2013.
3. Mr. Anthony LAM Sai Ho resigned as the Vice Chairman of the Company and was appointed as the Managing Director of the Company on 26th September, 2013.
4. Mr. Ronald YAN Mou Keung was appointed as Independent Non-executive Director of the Company on 30th September, 2013.
5. Mr. Richard LAU Siu Sun resigned as Independent Non-executive Director of the Company on 30th September, 2013.

# REPORT OF THE DIRECTORS

## DIRECTORS (Continued)

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

In accordance with bye-law 102(B) of the Company's Bye-Laws, Mr. Ronald YAN Mou Keung will retire from office by rotation and, being eligible, offer himself for re-election at the forthcoming annual general meeting.

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

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

The term of appointment of the Independent Non-executive Directors, Mr. John WONG Yik Chung, Mr. Michael YU Tat Chi and Mr. Ronald YAN Mou Keung, 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 of the Company, 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, 2014, 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).

# REPORT OF THE DIRECTORS

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

Laurent LAM Kwing Chee, aged 67, Vice Chairman of the Company. He graduated from the Eastern Illinois University, U.S.A. with a bachelor degree in Economics and joined the Group in 1991. Mr. Lam has extensive experience in property development and investment. Mr. Lam is the brother of Mr. Alvin Leslie LAM Kwing Wai and Madam LAM Kit Woo, and the uncle of Mr. Anthony LAM Sai Ho.

Anthony LAM Sai Ho, aged 47, Managing Director of the Company. He graduated from the University of Sydney in Australia, majoring in Economics and Psychology. After graduation, Mr. Lam joined the Merchant Banking Division of the State Bank of New South Wales, and had been extensively involved in the corporate financing and the securitization of assets and mortgages. Mr. Lam returned to Hong Kong and joined the Group in 1991 and has been appointed in several key senior management positions in Hong Kong and other Asian countries including Vietnam and Thailand. Mr. Lam is an Executive Committee Member of the Customer Liaison Group for Rice under the Trade and Industry Department in Hong Kong, and the Executive Committee Member of the Federation of Hong Kong Industries. He had been awarded the Ap Bac Medal from the Vietnam Government in recognition of his contribution to the rice industry in Vietnam. Apart from being active members in different business chambers and associations around the world, Mr. Lam is also a regular speaker in major international conferences. Mr. Lam is the nephew of Mr. Alvin Leslie LAM Kwing Wai, Madam LAM Kit Woo and Mr. Laurent LAM Kwing Chee.

# REPORT OF THE DIRECTORS

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

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

LAM Kit Woo, aged 68, Executive Director and Treasurer of the Company. She graduated from the University of California, Los Angeles, U.S.A. with a B.A. in Economics and joined the Group in 1991. Madam Lam has extensive experience in banking and trading. Madam Lam is the President and Supervisory Council Member of Hong Kong Chinese Women's Club and the Honorary President of Hong Kong Federation of Women. Madam Lam is the sister of Mr. Alvin Leslie LAM Kwing Wai and Mr. Laurent LAM Kwing Chee, and the aunt of Mr. Anthony LAM Sai Ho.

TSANG Siu Hung, aged 59, Executive Director and Financial Controller of the Company. He holds a bachelor degree in Accountancy and is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He joined the Group in 1985. Mr. Tsang has extensive professional experience in finance, accounting and auditing fields.

John WONG Yik Chung, aged 47, was appointed as an Independent Non-executive Director of the Company in 2004. He is also an independent non-executive director of Ecogreen Fine Chemicals Group Limited (a listed company in Hong Kong, stock code: 2341) and Beijing North Star Company Limited (a listed company in Hong Kong, stock code: 588). Mr. Wong was appointed as an independent non-executive director of Biosino Bio-Technology and Science Incorporation (a listed company in Hong Kong, stock code: 8247) on 12th May, 2011 and Perfect Optronics Limited (a listed company in Hong Kong, stock code: 8311) on 20th January, 2014 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 senior advisor to TMF China and Vantage Capital. Mr. Wong graduated from the University of Melbourne. He is a fellow member of the Australian Society of Certified Public Accountants and the Hong Kong Institute of Certified Public Accountants. He also obtained a PRC Certificate of Independent Directorship in 2002.

# REPORT OF THE DIRECTORS

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

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

Michael YU Tat Chi, aged 49, was appointed as an Independent Non-executive Director of the Company in 2012. Mr. Yu holds a bachelor of commerce degree from the University of New South Wales, Australia. He is a fellow member of the CPA Australia and also a member of the Hong Kong Institute of Certified Public Accountants. Mr. Yu has over 20 years of experience in finance, accounting and management. He has held senior management positions such as executive director; chief financial officer and company secretary in listed companies in Hong Kong. Mr. Yu was also a responsible officer in asset management, advising on securities and advising on corporate finance for a fund management company under the Securities and Futures Ordinance of Hong Kong.

Mr. Ronald YAN Mou Keung, aged 59, has more than 27 years of experience in running retail fashions and had been an executive director and an operations director of a men's fashion retail chain. He had extensive experience in developing and promoting of brands, marketing and apparel distribution in fashion business. Mr. Yan is the Convenor of Yau Tsim Mong District Fight Crime Committee (Working Group On Combating Drugs and Juvenile Crime) and the Convenor and the Vice Chairman of Yau Tsim Mong "No-drug" Alliance Steering Committee.

### 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.

# REPORT OF THE DIRECTORS

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

As at 31st March, 2014, the interests and short positions of the Directors and their associates in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, were as follows:

### Long positions

#### (a) Ordinary shares of the Company

Name of director	Number of ordinary shares beneficially held in the Company				Approximate percentage of the issued share capital of the Company
	Personal interests	Family interests	Corporate interests	Total interests	
Mr. Alvin Leslie LAM Kwing Wai	17,500,000	6,000,000	—	23,500,000 (Note 1)	1.39%
Mr. Anthony LAM Sai Ho	—	—	7,350,000	7,350,000 (Note 2)	0.44%

#### Notes:

- These 23,500,000 shares are held by Mr. Alvin Leslie LAM Kwing Wai, a Director of the Company, as beneficial owner in respect of 17,500,000 shares and as family interests in respect of 6,000,000 shares.
- These 7,350,000 shares are held by Great Avenue Group Limited, a company which is 40% owned by Mr. Anthony LAM Sai Ho, a Director of the Company.



# REPORT OF THE DIRECTORS

## 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 (Note)
Mr. Anthony LAM Sai Ho	Yuen Loong & Company Limited	Interest in controlled corporation	13,000 (Note)

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	Starland Century Limited	Interest in controlled corporation	300 (Note)

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.

# REPORT OF THE DIRECTORS

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

**Long positions** (Continued)

**(d) Share options**

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

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

Save as disclosed above, as at 31st March, 2014, 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.

# REPORT OF THE DIRECTORS

## SHARE OPTIONS GRANTED TO DIRECTORS AND EMPLOYEES

Particulars of the Company's share option scheme are set out in note 29 to the financial statements.

During the year ended 31st March, 2014, details of share options granted to the Directors and employees under the existing share option scheme of the Company were as follows:

	Grant date	Validity period	Exercise price for one share (Note 1) HK\$	Balance outstanding at 1st April, 2013	Granted during the year	Exercised during the year	Balance outstanding at 31st March, 2014
<b>Director</b>							
Mr. TSANG Siu Hung	13th October, 2011	13th October, 2011 — 25th August, 2018 (Note 2)	0.41	5,000,000	—	—	5,000,000
<b>Total</b>				5,000,000	—	—	5,000,000
<b>Employees</b>							
	13th October, 2011	13th October, 2011 — 25th August, 2018 (Note 3)	0.41	6,000,000	—	—	6,000,000
	21st December, 2011	21st December, 2011 — 25th August, 2018 (Note 3)	0.376	6,000,000	—	—	6,000,000
<b>Total</b>				12,000,000	—	—	12,000,000
<b>Grand total</b>				17,000,000	—	—	17,000,000

# REPORT OF THE DIRECTORS

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

Notes:

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

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

## DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed under the headings "Directors' Interests and Short Positions in the Shares and Underlying Shares" and "Share Options Granted to Directors and Employees" above and particulars of the Company's share option scheme as set out in note 29 to the financial statements, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate and neither the Directors nor the Chief Executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company.

## RELATED PARTY TRANSACTIONS

Details of the related party transactions entered into by the Group during the year are set out in note 33 to the financial statements.

# REPORT OF THE DIRECTORS

## 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 was no other transactions which need to be disclosed as connected transaction in accordance with the requirements of the Listing Rules.

## EVENT AFTER THE REPORTING PERIOD

### Disposal of interest in an associate

Subsequent to the end of the reporting period, on 7th April, 2014, a wholly-owned subsidiary of the Company (the "Vendor") entered into an agreement with White Heron Limited (the "Purchaser") to sell the Vendor's entire interest in Dragon Fortune Ltd. (the "Dragon Fortune"), representing approximately 28% of its issued share capital, and the shareholder's loan for a cash consideration of HK\$107,183,362.29, subject to adjustments (the "Consideration") (the "Disposal").

The Consideration is determined after arm's length negotiation between the parties with reference to (i) the unaudited consolidated net asset value of Dragon Fortune as of 30th September, 2013 and (ii) the amount of shareholder's loan due from Dragon Fortune to the Vendor as of 30th September, 2013. The Consideration shall be adjusted if the unaudited consolidated net assets of Dragon Fortune as at the completion date of the Disposal are greater than or less than the unaudited consolidated net assets of Dragon Fortune as at 30th September, 2013. The Consideration will be paid to the Vendor by the Purchaser in cash in the following manner:

- (i) the deposit in the amount of HK\$21,436,672.46 was received by the escrow agent on the date of the Sale and Purchase Agreement and will be released to the Group by the escrow agent on the Completion Date;
- (ii) the remaining consideration in the amount of HK\$73,379,378.80 will be received by the Group on the Completion Date; and
- (iii) the withholding consideration in the amount of HK\$12,367,311.03 will be held by the Purchaser and will be used to offset any adjustments to the Consideration in the event that the Consideration is required to be adjusted downwards.

Completion took place on 31st May, 2014. Prior to the Disposal, the Company accounted the approximately 28% interest in Dragon Fortune as an investment in an associated company and the consolidated financial results of Dragon Fortune were reflected in the consolidated financial statements of the Company by using the equity method of accounting. Following the Completion, Dragon Fortune will cease to be an associated company of the Company and the Company will record a gain on disposal of approximately HK\$42 million (subject to adjustments to consideration and subject to audit). The net proceeds arising from the Disposal are expected to be approximately HK\$107 million. The Directors intend to apply all the net proceeds for general working capital of the Group.

# REPORT OF THE DIRECTORS

## 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, 2014, the following persons, other than Directors or Chief Executives of the Company, had interests or short positions 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:

Name of shareholder	Number of shares held <i>(Note 1)</i>	Approximate percentage of the issued share capital of the Company
Yuen Loong International Limited ("Yuen Loong")	548,052,026	32.48% <i>(Note 2)</i>
Chelsey Developments Ltd. ("Chelsey")	252,240,000	14.95% <i>(Note 2)</i>

### Notes:

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

Save as disclosed above, as at 31st March, 2014, the Company had not been notified by any other person, other than Directors or Chief Executives of the Company, who had interests or short positions in the shares or underlying shares of the Company as recorded in the register that required to be kept by the Company pursuant to Section 336 of the SFO and/or were directly or indirectly interested in 5% or more of the nominal value of the share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

## CHARITABLE DONATIONS

During the year, the Group made charitable donations amounting to approximately HK\$38,000.

# REPORT OF THE DIRECTORS

## LIQUIDITY AND FINANCIAL RESOURCES

The Group had cash balance of approximately HK\$155 million and outstanding bank loans amounted to approximately HK\$7 million as at 31st March, 2014.

With cash and other current assets of approximately HK\$839 million as at 31st March, 2014 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, 2014 was HK\$0.74 per share based on 1,686,906,458 shares in issue as at that date.

## EMPLOYEES AND REMUNERATION POLICY

The total number of employees for the Group is about 1,175.

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, 2014, 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 80% by value of the Group's total purchases. Approximately 22% of the Group's turnover and approximately 34% of the Group's total purchases were attributable to the Group's largest customer and supplier respectively.

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

# REPORT OF THE DIRECTORS

## 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, 2014 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, 2014:

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) Sirinumma Company Limited	40.00	—	15,076	—	15,076	a
(ii) Starland Century Limited	37.50	86,158	—	—	86,158	b
		86,158	15,076	—	101,234	
(iii) Asset classified as held for sale:						
Dragon Fortune Ltd. and its subsidiaries						
Dragon Fortune Ltd.	28.00	72,176	—	—	72,176	b
Fortune Leader Investment Limited	28.00	—	40,880	18,480	40,880	c
Fortune Leader Overseas Chinese (Daiyawan) Real Estate Development Company Limited	22.40	—	22,400	11,480	22,400	d
Aggregate of Dragon Fortune Ltd. and its subsidiaries		72,176	63,280	29,960	135,456	e
<b>Total</b>		<b>158,334</b>	<b>78,356</b>	<b>29,960</b>	<b>236,690</b>	<b>f</b>



# REPORT OF THE DIRECTORS

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

### 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 (Continued)

The proforma combined statement of financial position of the above affiliated companies (excluding asset classified as held for sale), as attributable to the Group, as at 31st March, 2014 is as follows:

	<i>HK\$'000</i>
Non-current assets	65,622
Current assets	31,427
Current liabilities	(6,088)
Net current assets	25,339
Non-current liabilities	(83,275)
Shareholders' equity	7,686

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

#### Notes:

- (a) The guarantee was given for banking facilities granted to respective entity or affiliated company.
- (b) 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.
- (c) 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.
- (d) The guarantees were given for loan facilities granted to Fortune Leader Overseas Chinese (Daiyawan) Real Estate Development Company Limited ("FL Real Estate"). FL Real Estate is owned as to 80% by FL Investment and as to 20% by an Independent Third Party.
- (e) Aggregated pursuant to Rule 13.11(2)(c) of the Listing Rules.
- (f) Aggregated pursuant to Rule 13.16 of the Listing Rules.

# REPORT OF THE DIRECTORS

## AUDITOR

On 16th January, 2013, HLM & Co. resigned as the auditors of the Company due to the change of entity status from partnership to a limited company. HLM CPA Limited was appointed as the auditor of the Company on 21st January, 2013 to fill the casual vacancy and was re-appointed as the auditor of the Company at the last annual general meeting held on 29th August, 2013.

A resolution will be submitted to the forthcoming annual general meeting to re-appoint HLM CPA Limited as the auditor of the Company.

On behalf of the board

**Alvin Leslie LAM Kwing Wai**

*Chairman*

Hong Kong, 24th June, 2014

# INDEPENDENT AUDITOR'S REPORT

恒健會計師行有限公司

**HLM CPA LIMITED**

**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  
Fax 傳真: (852) 3104 0170  
E-mail 電郵: info@hlm.com.hk

**TO THE MEMBERS OF  
GOLDEN RESOURCES DEVELOPMENT INTERNATIONAL LIMITED**

*(Incorporated in Bermuda with limited liability)*

We have audited the consolidated financial statements of Golden Resources Development International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 44 to 134, which comprise the consolidated and Company statements of financial position as at 31st March, 2014, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

## DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

## AUDITOR'S RESPONSIBILITY

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

# INDEPENDENT AUDITOR'S REPORT

## AUDITOR'S 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 auditor's 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 auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

## OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st March, 2014 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 CPA Limited**

*Certified Public Accountants*

### **Ng Fai Fiona**

Practicing Certificate Number P4986

Hong Kong, 24th June, 2014

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31st March, 2014

	<i>Notes</i>	<b>2014</b> <i>HK\$'000</i>	<b>2013</b> <i>HK\$'000</i>
TURNOVER	5	<b>1,003,106</b>	954,111
Cost of sales		<b>(715,237)</b>	(699,977)
<b>GROSS PROFIT</b>		<b>287,869</b>	254,134
Net unrealized (loss)/gain on financial assets at fair value through profit or loss		<b>(6,353)</b>	17,659
(Deficit)/surplus on revaluation of investment properties		<b>(300)</b>	7,320
Net other income	7	<b>33,502</b>	37,521
Selling and distribution costs		<b>(66,619)</b>	(50,215)
Administrative expenses		<b>(148,642)</b>	(135,666)
Impairment loss on loan receivable		—	(18,496)
<b>PROFIT FROM OPERATIONS</b>		<b>99,457</b>	112,257
Finance costs		<b>(169)</b>	(263)
Share of results of associates		<b>2,803</b>	(3,643)
<b>PROFIT BEFORE TAXATION</b>	8	<b>102,091</b>	108,351
Taxation	9	<b>(18,156)</b>	(15,597)
<b>PROFIT FOR THE YEAR</b>		<b>83,935</b>	92,754
Profit attributable to:			
Shareholders of the Company		<b>83,382</b>	91,728
Non-controlling interests		<b>553</b>	1,026
		<b>83,935</b>	92,754
<b>EARNINGS PER SHARE</b>	11		
— Basic		<b>HK4.9 cents</b>	HK5.4 cents
— Diluted		<b>HK4.9 cents</b>	HK5.4 cents

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March, 2014

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
PROFIT FOR THE YEAR	<b>83,935</b>	92,754
OTHER COMPREHENSIVE INCOME		
Items to be reclassified to profit or loss in subsequent periods:		
(Deficit)/surplus on revaluation of available-for-sale investments	<b>(323)</b>	448
Exchange differences on translation of foreign operations	<b>(72)</b>	1,975
Share of other comprehensive (loss)/income of associates	<b>(4,684)</b>	2,228
Exchange reserve and other reserves eliminated on disposal of subsidiary	—	165
Other comprehensive (loss)/income for the year, net of tax	<b>(5,079)</b>	4,816
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<b>78,856</b>	97,570
Total comprehensive income attributable to:		
Shareholders of the Company	<b>78,283</b>	96,245
Non-controlling interests	<b>573</b>	1,325
	<b>78,856</b>	97,570

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st March, 2014

	<i>Notes</i>	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	<b>84,545</b>	75,272
Investment properties	13	<b>76,297</b>	76,597
Intangible asset	14	<b>26,703</b>	28,102
Interests in associates	16	<b>148,345</b>	254,179
Available-for-sale investments	17	<b>58,255</b>	49,078
Prepaid lease payments	18	<b>17,319</b>	17,846
		<b>411,464</b>	501,074
<b>CURRENT ASSETS</b>			
Inventories	19	<b>133,557</b>	127,822
Trade debtors	20	<b>108,501</b>	96,268
Other debtors, deposits and prepayments	21	<b>90,751</b>	69,004
Available-for-sale investments	17	<b>21,250</b>	24,969
Financial assets at fair value through profit or loss	22	<b>329,784</b>	310,713
Cash and cash equivalents		<b>155,161</b>	180,316
		<b>839,004</b>	809,092
Asset classified as held for sale	23	<b>96,844</b>	—
		<b>935,848</b>	809,092
<b>CURRENT LIABILITIES</b>			
Trade creditors	24	<b>7,734</b>	9,587
Other creditors and accruals		<b>21,979</b>	21,138
Bank loans	25	<b>7,758</b>	14,005
Tax liabilities		<b>25,607</b>	19,968
Financial guarantee contracts	26	—	10,496
		<b>63,078</b>	75,194
Liability directly associated with asset classified as held for sale	23	<b>10,496</b>	—
		<b>73,574</b>	75,194
<b>NET CURRENT ASSETS</b>		<b>862,274</b>	733,898
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,273,738</b>	1,234,972
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	27	<b>1,751</b>	1,512
		<b>1,271,987</b>	1,233,460

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st March, 2014

	<i>Notes</i>	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>CAPITAL AND RESERVES</b>			
Share capital	28	<b>168,691</b>	168,691
Reserves	30	<b>1,084,183</b>	1,046,044
<hr/>			
Shareholders' equity		<b>1,252,874</b>	1,214,735
Non-controlling interests		<b>19,113</b>	18,725
<hr/>			
		<b>1,271,987</b>	1,233,460
<hr/>			

The financial statements on pages 44 to 134 were approved and authorised for issue by the Board of Directors on 24th June, 2014 and are signed on its behalf by:

**Anthony LAM Sai Ho**  
*Managing Director*

**TSANG Siu Hung**  
*Executive Director*



# STATEMENT OF FINANCIAL POSITION

At 31st March, 2014

	<i>Notes</i>	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>NON-CURRENT ASSET</b>			
Interests in subsidiaries	15	<b>882,036</b>	883,469
<b>CURRENT ASSETS</b>			
Other debtors, deposits and prepayments		<b>186</b>	210
Cash and cash equivalents		<b>26</b>	30
		<b>212</b>	240
<b>CURRENT LIABILITY</b>			
Other creditors and accruals		<b>24</b>	36
<b>NET CURRENT ASSETS</b>			
		<b>188</b>	204
		<b>882,224</b>	883,673
<b>CAPITAL AND RESERVES</b>			
Share capital	28	<b>168,691</b>	168,691
Reserves	30	<b>713,533</b>	714,982
		<b>882,224</b>	883,673

**Anthony LAM Sai Ho**  
*Managing Director*

**TSANG Siu Hung**  
*Executive Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March, 2014

	Shareholders' equity										Total shareholders' equity HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital Redemption reserve HK\$'000	Investments revaluation reserve HK\$'000	Property revaluation reserve HK\$'000	Exchange reserve HK\$'000	Share options reserve HK\$'000	Other reserves HK\$'000	Dividend reserve HK\$'000	Related earnings HK\$'000			
At 31st March, 2012	168,691	449,540	515	(1,265)	5,128	65,939	138	(125)	20,243	449,930	1,158,634	18,646	1,177,280
Profit for the year	-	-	-	-	-	-	-	-	-	91,728	91,728	1,026	92,754
Other comprehensive income for the year:													
Surplus on revaluation of available-for-sale investments	-	-	-	448	-	-	-	-	-	-	448	-	448
Exchange adjustments	-	-	-	-	-	1,677	-	-	-	-	1,677	298	1,975
Share of reserve movements of associates	-	-	-	-	-	2,074	-	154	-	-	2,228	-	2,228
Eliminated on disposal of subsidiary	-	-	-	-	-	164	-	-	-	-	164	1	165
Profit for the year	-	-	-	448	-	3,915	-	154	-	-	4,517	299	4,816
Total comprehensive income for the year	-	-	-	448	-	3,915	-	154	-	91,728	96,245	1,325	97,570
Eliminated on disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	-	(1,246)	(1,246)
Equity-settled share-based payments expense	-	-	-	-	-	-	342	-	-	-	342	-	342
Prior year final dividend paid	-	-	-	-	-	-	-	-	(20,243)	-	(20,243)	-	(20,243)
Interim dividend paid	-	-	-	-	-	-	-	-	-	(20,243)	(20,243)	-	(20,243)
Final dividend proposed for the year ended 31st March, 2013	-	-	-	-	-	-	-	-	20,243	(20,243)	-	-	-
At 31st March, 2013	168,691	449,540	515	(817)	5,128	69,854	480	29	20,243	501,072	1,214,735	18,725	1,233,460

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March, 2014

	Shareholders' equity (Continued)													
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Investments revaluation reserve HK\$'000	Property revaluation reserve HK\$'000	Exchange reserve held for sale HK\$'000	Amount relating to asset classified as held for sale HK\$'000	Share options reserve HK\$'000	Other reserves HK\$'000	Dividend reserve HK\$'000	Retained earnings HK\$'000	Total shareholders' equity HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 31st March, 2013	168,691	449,540	515	(817)	5,128	69,854	-	480	29	20,243	501,072	1,214,735	18,725	1,233,460
Profit for the year	-	-	-	-	-	-	-	-	-	-	83,382	83,382	553	83,935
Other comprehensive loss for the year:														
Deficit on revaluation of available-for-sale investments	-	-	-	(323)	-	-	-	-	-	-	-	(323)	-	(323)
Exchange adjustments	-	-	-	-	-	(92)	-	-	-	-	-	(92)	20	(72)
Share of reserve movements of associates	-	-	-	-	-	(4,902)	-	-	218	-	-	(4,684)	-	(4,684)
Reclassification relating to asset classified as held for sale	-	-	-	-	-	(21,915)	21,915	-	-	-	-	-	-	-
	-	-	-	(323)	-	(26,909)	21,915	-	218	-	-	(6,099)	20	(5,079)
Total comprehensive income for the year	-	-	-	(323)	-	(26,909)	21,915	-	218	-	83,382	78,283	573	78,856
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(185)	(185)
Equity-settled share-based payments expense	-	-	-	-	-	-	-	342	-	-	-	342	-	342
Prior year final dividend paid	-	-	-	-	-	-	-	-	(20,243)	-	-	(20,243)	-	(20,243)
Interim dividend paid	-	-	-	-	-	-	-	-	-	(20,243)	(20,243)	(20,243)	-	(20,243)
Final dividend proposed for the year ended 31st March, 2014	-	-	-	-	-	-	-	-	-	20,243	(20,243)	-	-	-
At 31st March, 2014	168,691	449,540	515	(1,140)	5,128	42,945	21,915	822	247	20,243	543,968	1,252,874	19,113	1,271,987

Shareholders' equity of the Group represents share capital amounting to approximately HK\$168,691,000 (2013: HK\$168,691,000) and reserves amounting to approximately HK\$1,084,183,000 (2013: HK\$1,046,044,000).

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March, 2014

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	<b>102,091</b>	108,351
Adjustments for:		
Interest income	<b>(21,621)</b>	(22,648)
Finance costs	<b>169</b>	263
Dividend income from investments in securities	<b>(2,988)</b>	(3,186)
Depreciation and amortisation of property, plant and equipment	<b>15,081</b>	13,170
Amortisation of prepaid lease payments	<b>535</b>	531
Amortisation of intangible asset	<b>1,399</b>	1,399
Net (gain)/loss on disposal of property, plant and equipment	<b>(74)</b>	1,504
Share of results of associates	<b>(2,803)</b>	3,643
Deficit/(surplus) on revaluation of investment properties	<b>300</b>	(7,320)
Bad debts (written back)/written off	<b>(194)</b>	135
Equity-settled share-based payment expense	<b>342</b>	342
Impairment loss on loan receivable	<b>—</b>	18,496
Overprovision for dividend income from available-for-sale investment	<b>—</b>	1,400
Operating cash flows before movements in working capital	<b>92,237</b>	116,080
Decrease/(increase) in available-for-sale investments	<b>3,924</b>	(24,969)
Increase in financial assets at fair value through profit or loss	<b>(19,067)</b>	(21,679)
(Increase)/decrease in inventories	<b>(5,694)</b>	19,441
(Increase)/decrease in trade debtors	<b>(12,013)</b>	4,409
Increase in other debtors, deposits and prepayments	<b>(21,723)</b>	(20,408)
Decrease in trade creditors	<b>(1,565)</b>	(2,911)
Increase/(decrease) in other creditors and accruals	<b>208</b>	(5,019)
Cash generated from operations	<b>36,307</b>	64,944
Hong Kong Profits Tax paid	<b>(13,997)</b>	(22,349)
Hong Kong Profits Tax refunded	<b>2,143</b>	62
Income tax in other jurisdiction paid	<b>(411)</b>	(2,496)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>24,042</b>	40,161

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March, 2014

	2014 HK\$'000	2013 HK\$'000
<b>INVESTING ACTIVITIES</b>		
Interest received	21,633	23,046
Dividend received from investments in securities	2,988	3,186
Dividend received from associates	680	505
Advances to associates	—	(2,660)
Repayments from associates	6,429	113
Purchases of available-for-sale investments	(25,000)	(77)
Purchases of property, plant and equipment	(24,522)	(11,744)
Proceeds from disposal of property, plant and equipment	143	915
Proceeds from disposal of available-for-sale investments	15,502	173
(Increase)/decrease in pledged cash balance	(7,036)	3,934
<b>NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES</b>	<b>(9,183)</b>	<b>17,391</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(40,486)	(40,486)
Dividends paid to non-controlling interests	(185)	—
Interest paid	(169)	(263)
New bank loans raised	—	14,005
Repayment of bank loans	(6,247)	(21,702)
Repayment of capital to non-controlling interest	—	(1,246)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(47,087)</b>	<b>(49,692)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(32,228)</b>	<b>7,860</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>177,546</b>	<b>169,530</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>37</b>	<b>156</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>145,355</b>	<b>177,546</b>
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Time deposits, bank balances and cash	155,161	180,316
Less: Pledged cash and cash equivalents	(9,806)	(2,770)
	<b>145,355</b>	<b>177,546</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 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.

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in Hong Kong dollar, which is the Company’s functional and presentation currency.

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

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

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

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 19 (Revised)	Employee Benefits
HKAS 27 (Revised)	Separate Financial Statements
HKAS 28 (Revised)	Investments in Associates and Joint Ventures
HKFRS (Amendment)	Annual Improvements to HKFRSs 2009-2011 Cycle
HKFRS 1 (Amendment)	Government Loans
HKFRS 7 (Amendment)	Disclosure — Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guide
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosures of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

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

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

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

HKAS 16 and HKFRS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>4</sup>
HKAS 19 (Amendments)	Defined Benefit Plans: Employee Benefit Contributions <sup>2</sup>
HKAS 27, HKFRS 10 and HKFRS 12 (Amendments)	Separate Financial Statements, Consolidated Financial Statements and Disclosure of Interests in Other Entities: Investment Entities <sup>1</sup>
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets <sup>1</sup>
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting <sup>1</sup>
HKFRS (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle <sup>3</sup>
HKFRS (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle <sup>2</sup>
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>6</sup>
HKFRS 9	Financial Instruments <sup>6</sup>
HKFRS 11	Accounting for Acquisition of Interests in Joint Operations <sup>4</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>5</sup>
HK(IFRIC) — Int 21	Levies <sup>1</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1st July, 2014

<sup>3</sup> Effective for annual periods beginning on or after 1st July, 2014, with limited exceptions

<sup>4</sup> Effective for annual periods beginning on or after 1st January, 2016

<sup>5</sup> Effective for first annual HKFRS financial statements beginning on or after 1st January, 2016

<sup>6</sup> Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalized

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 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.

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the HKICPA, and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the Listing Rules. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on any changes in accounting policies resulting from the initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements, if any.

### Historical cost

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

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

### Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies be in line with those used by other members of the Group.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

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

### Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to Shareholders of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

### Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

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

### **Business combinations** (Continued)

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

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

### **Business combinations** (Continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

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 statement of profit or loss. An impairment loss for goodwill is not reversed in subsequent years.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

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

### Goodwill

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

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

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

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

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

### Interests in associates

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

The results and assets and liabilities of associates are incorporated in the Group's financial statements using the equity method of accounting except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations. 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.

The Group discontinues the use of the equity method from the date when investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a non-current asset held for sale, the Group measures the retained interest at the lower of its carrying amount and fair value less cost to sell at that date. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

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

### Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint control over the joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with HKAS 39 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

### 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.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

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

### Property, plant and equipment

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

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

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

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

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

### Prepaid lease payments

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

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

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

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

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

### **Intangible asset (other than goodwill)**

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

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

### **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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

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

### Financial instruments

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 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 statement of profit or loss for the year.

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

### **Financial guarantee contracts**

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

### **Effective interest method**

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

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

### **Derivative financial instruments**

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

### **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 statement of profit or loss 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 statement of profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

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

### Related parties

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

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

or

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

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

### **Inventories**

Inventories are stated at the lower of cost and net realizable 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

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

### Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss 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 statement of profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

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

### Retirement benefits costs

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

### Equity-settled share-based payment transactions

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

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

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

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

### Operating leases

Rental expenses payable under operating leases are charged to the statement of profit or loss 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

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

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

### **Allowance for impairment of doubtful debts**

The Group's provision policy for bad and doubtful debts is based on the evaluation of collectability and aging analysis of accounts and on Management's judgement. A considerable amount of judgement is required in assessing the ultimate realization of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required. As at 31st March, 2014, the carrying amount of trade debtors was approximately HK\$108,501,000 (2013: HK\$96,268,000) (net of allowance for impairment of doubtful debts of approximately HK\$65,000 (2013: HK\$90,000)).

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

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

(Continued)

### Fair values of financial instruments

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

### Estimated impairment on inventories

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

## 5. TURNOVER

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

	THE GROUP	
	2014 HK\$'000	2013 HK\$'000
Rice sales	901,108	887,952
Rental income from investment properties	2,149	2,376
Sales from operation of convenience stores	79,729	45,386
Sales from operation of restaurants	20,120	18,397
	<b>1,003,106</b>	<b>954,111</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 6. SEGMENT INFORMATION

For management purposes, the Group is currently organised into five operating divisions, namely rice operation, securities investment, property investment, convenience store operation 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
Convenience store operation	—	operation of convenience stores
Corporate and others	—	operation of restaurants, corporate income and expenses and other investments

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 6. SEGMENT INFORMATION (Continued)

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

### Operating segments

#### Statement of profit or loss for the year ended 31st March, 2014

	Rice operation	Securities Investment	Property Investment	Convenience store operation	Corporate and others	Total	Inter- segment Elimination	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>TURNOVER</b>								
External sales	901,108	—	2,149	79,729	20,120	1,003,106	—	1,003,106
Inter-segment sales	129	—	—	—	—	129	(129)	—
<b>Total sales</b>	<b>901,237</b>	<b>—</b>	<b>2,149</b>	<b>79,729</b>	<b>20,120</b>	<b>1,003,235</b>	<b>(129)</b>	<b>1,003,106</b>
<b>RESULT</b>								
Segment results	109,683	17,055	(684)	(27,582)	985			99,457
Finance costs								(169)
Share of results of associates	48	—	1,450	—	1,305			2,803
Profit before taxation								102,091
Taxation								(18,156)
Profit for the year								<b>83,935</b>
Profit attributable to:								
Shareholders of the Company								83,382
Non-controlling interests								553
								<b>83,935</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 6. SEGMENT INFORMATION (Continued)

**Operating segments** (Continued)

**Segment assets and liabilities as at 31st March, 2014**

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 6. SEGMENT INFORMATION (Continued)

**Operating segments** (Continued)

**Other information for the year ended 31st March, 2014**

	Rice operation <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Convenience store operation <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Additions to property, plant and equipment	8,188	—	60	16,187	87	24,522
Depreciation and amortisation of property, plant and equipment	7,468	—	1,592	4,671	1,350	15,081
Amortisation of prepaid lease payments	529	—	6	—	—	535
Amortisation of intangible asset	—	—	—	1,399	—	1,399
Deficit on revaluation of investment properties	—	—	300	—	—	300
Net unrealized loss on financial assets at fair value through profit or loss	—	6,353	—	—	—	6,353
Bad debts written back	194	—	—	—	—	194

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 6. SEGMENT INFORMATION (Continued)

### Operating segments (Continued)

Statement of profit or loss for the year ended 31st March, 2013

	Rice operation HK\$'000	Securities Investment HK\$'000	Property Investment HK\$'000	Convenience store operation HK\$'000	Corporate and others HK\$'000	Total HK\$'000	Inter- segment Elimination HK\$'000	Consolidated HK\$'000
<b>TURNOVER</b>								
External sales	887,952	—	2,376	45,386	18,397	954,111	—	954,111
Inter-segment sales	157	—	—	—	—	157	(157)	—
<b>Total sales</b>	<b>888,109</b>	<b>—</b>	<b>2,376</b>	<b>45,386</b>	<b>18,397</b>	<b>954,268</b>	<b>(157)</b>	<b>954,111</b>
<b>RESULT</b>								
Segment results	90,178	39,333	7,253	(16,453)	(8,054)			112,257
Finance costs								(263)
Share of results of associates	(150)	—	1,737	—	(5,230)			(3,643)
Profit before taxation								108,351
Taxation								(15,597)
Profit for the year								92,754
Profit attributable to:								
Shareholders of the Company								91,728
Non-controlling interests								1,026
								92,754



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 6. SEGMENT INFORMATION (Continued)

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

Segment assets and liabilities as at 31st March, 2013

	Rice operation <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Convenience store operation <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>ASSETS</b>						
Segment assets	268,724	357,458	152,887	48,052	228,866	1,055,987
Interests in associates	14,558	—	96,014	—	143,607	254,179
Consolidated total assets						<u>1,310,166</u>
<b>LIABILITIES</b>						
Segment liabilities	22,532	122	729	6,291	11,547	41,221
Unallocated corporate liabilities						<u>35,485</u>
Consolidated total liabilities						<u>76,706</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 6. SEGMENT INFORMATION (Continued)

Other information for the year ended 31st March, 2013

	Rice operation <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Convenience store operation <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Additions to property, plant and equipment	2,586	—	—	9,072	86	11,744
Depreciation and amortisation of property, plant and equipment	6,841	—	1,583	3,019	1,727	13,170
Amortisation of prepaid lease payments	526	—	5	—	—	531
Amortisation of intangible asset	—	—	—	1,399	—	1,399
Surplus on revaluation of investment properties	—	—	7,320	—	—	7,320
Net unrealized gain on financial assets at fair value through profit or loss	—	17,659	—	—	—	17,659
Bad debts written off	135	—	—	—	—	135

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 6. SEGMENT INFORMATION (Continued)

### Geographical segments

The Group's operations are located in Hong Kong, elsewhere in the PRC, Vietnam 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	
	2014	2013
	HK\$'000	HK\$'000
Hong Kong	812,443	742,424
Elsewhere in the PRC	94,410	150,169
Vietnam	79,729	45,386
Others	16,524	16,132
	<b>1,003,106</b>	<b>954,111</b>

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

	Carrying amounts of non-current assets other than financial instruments		Additions to non-current assets other than financial instruments	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	182,402	180,754	8,121	2,564
Elsewhere in the PRC	13,879	117,704	214	108
Vietnam	47,965	37,991	16,187	9,072
Others	108,963	115,547	—	—
	<b>353,209</b>	<b>451,996</b>	<b>24,522</b>	<b>11,744</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 6. SEGMENT INFORMATION (Continued)

### Information about major customer

For the year ended 31st March, 2014, approximately HK\$321,190,000 (2013: HK\$176,639,000) of the Group's turnover was derived from two (2013: one) external customers from rice operation. No other single customer contributed 10% or more to the Group's revenue.

## 7. NET OTHER INCOME

	THE GROUP	
	2014 HK\$'000	2013 HK\$'000
Interest income on:		
— Financial assets at fair value through profit or loss	12,704	13,451
— Financial assets not designated as at fair value through profit or loss	8,917	9,197
	<b>21,621</b>	22,648
Dividend from:		
— Listed available-for-sale investments	88	77
— Listed financial assets at fair value through profit or loss	2,900	3,109
	<b>2,988</b>	3,186
Net realized (loss)/gain on disposals of financial assets at fair value through profit or loss	(50)	18
Net realized gain on derivative financial instruments	3,468	4,834
Net gain/(loss) on disposal of property, plant and equipment	74	(1,504)
Net foreign exchange (loss)/gain	(991)	698
Sundry income	6,392	7,641
	<b>33,502</b>	37,521

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 8. PROFIT BEFORE TAXATION

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

	THE GROUP	
	2014 HK\$'000	2013 HK\$'000
Auditor's remuneration		
Current year	494	501
Underprovision in prior years	19	10
	<b>513</b>	511
Depreciation and amortisation of property, plant and equipment	15,081	13,170
Amortisation of prepaid lease payments	535	531
Amortisation of intangible asset	1,399	1,399
Operating lease rentals in respect of rented premises	16,960	12,158
Bad debts (written back)/written off	(194)	135
Cost of inventories recognised as expense	670,943	656,001
Staff costs	108,199	95,902
Equity-settled share-based payment expense	342	342
Interests on bank loans wholly repayable within five years	169	262
Interests on other loans	—	1
	<b>169</b>	263
Rental income from investment properties, net of outgoings of HK\$102,000 (2013: HK\$92,000)	(2,047)	(2,284)
Net (gain)/loss on disposal of property, plant and equipment	(74)	1,504

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 9. TAXATION

	THE GROUP	
	2014 HK\$'000	2013 HK\$'000
Current tax:		
Hong Kong	17,673	14,242
Other regions in the PRC	997	2,176
Others	—	47
	<b>18,670</b>	<b>16,465</b>
(Overprovision)/underprovision in prior years:		
Hong Kong	(438)	(532)
Other regions in the PRC	(315)	52
Others	—	98
	<b>(753)</b>	<b>(382)</b>
Deferred tax ( <i>Note 27</i> ):		
Current year's charge/(credit)	239	(486)
Taxation attributable to the Company and its subsidiaries	<b>18,156</b>	<b>15,597</b>

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 9. TAXATION (Continued)

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

	2014 HK\$'000	2013 HK\$'000
Profit before taxation	<b>102,091</b>	108,351
Tax at the domestic income tax rate of 16.5% ( <i>Note</i> )	<b>16,845</b>	17,878
Tax effect of expenses not deductible for tax purpose	<b>3,275</b>	5,599
Tax effect of income not taxable for tax purpose	<b>(2,051)</b>	(3,626)
Overprovision in respect of prior years	<b>(753)</b>	(382)
Tax effect of tax losses/deferred tax assets not recognised	<b>6,202</b>	3,238
Tax effect of utilisation of tax losses/deferred tax assets not previously recognised	<b>(3,530)</b>	(7,205)
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>(1,285)</b>	(426)
Tax effect of share of results of associates	<b>(462)</b>	601
Others	<b>(85)</b>	(80)
Taxation for the year	<b>18,156</b>	15,597

*Note:*

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 10. DIVIDENDS

### (a) Dividends attributable to the year:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interim dividend paid of 1.2 cents per share on 1,686,906,458 shares (2013: 1.2 cents per share on 1,686,906,458 shares)	<b>20,243</b>	20,243
Final dividend proposed of 1.2 cents per share on 1,686,906,458 shares (2013: 1.2 cents per share on 1,686,906,458 shares)	<b>20,243</b>	20,243
	<b>40,486</b>	40,486

The final dividend of 1.2 cents per share for the year ended 31st March, 2014 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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of 1.2 cents per share on 1,686,906,458 shares (2013: 1.2 cents per share on 1,686,906,458 shares)	<b>20,243</b>	20,243
Interim dividend in respect of the current financial year, approved and paid during the year, of 1.2 cents per share on 1,686,906,458 shares (2013: 1.2 cents per share on 1,686,906,458 shares)	<b>20,243</b>	20,243
	<b>40,486</b>	40,486



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 11. EARNINGS PER SHARE

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Earnings for the purpose of basic and diluted earnings per share	<b>83,382</b>	91,728
	2014	2013
Number of shares:		
Weighted average number of shares for the purpose of basic earnings per share	<b>1,686,906,458</b>	1,686,906,458
Effect of dilutive potential ordinary shares:		
Share options	<b>1,042,453</b>	—
Weighted average number of shares for the purpose of diluted earnings per share	<b>1,687,948,911</b>	1,686,906,458

*Note:*

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

The dilutive effect for the year ended 31st March, 2014 is not significant.

The diluted earnings per share for last year ended 31st March, 2013 was the same as the basic earnings per share as the adjusted exercise prices of the Company's outstanding share options were higher than the average market price of the Company's shares for last year.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 12. PROPERTY, PLANT AND EQUIPMENT

For the year ended 31st March, 2014

	Land and buildings <i>HK\$'000</i>	Factory premises in elsewhere in the PRC <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE GROUP						
COST						
At 1st April, 2013	107,211	16,055	58,399	107,683	9,950	299,298
Additions	—	—	16,682	5,744	2,096	24,522
Disposals/written off	—	—	(581)	(671)	(676)	(1,928)
Exchange rate adjustments	—	20	(192)	30	6	(136)
At 31st March, 2014	107,211	16,075	74,308	112,786	11,376	321,756
DEPRECIATION, AMORTISATION AND IMPAIRMENT						
At 1st April, 2013	54,255	16,055	44,789	101,701	7,226	224,026
Provided for the year	3,253	—	6,849	3,840	1,139	15,081
Eliminated on disposals/ written off	—	—	(536)	(671)	(652)	(1,859)
Exchange rate adjustments	—	20	(71)	11	3	(37)
At 31st March, 2014	57,508	16,075	51,031	104,881	7,716	237,211
CARRYING AMOUNTS						
At 31st March, 2014	49,703	—	23,277	7,905	3,660	84,545

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

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

For the year ended 31st March, 2013

	Land and buildings <i>HK\$'000</i>	Factory premises in elsewhere in the PRC <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE GROUP						
COST						
At 1st April, 2012	107,211	16,035	52,346	107,360	10,930	293,882
Additions	—	—	9,647	197	1,900	11,744
Disposals/written off	—	—	(3,662)	(171)	(2,926)	(6,759)
Exchange rate adjustments	—	20	68	297	46	431
At 31st March, 2013	107,211	16,055	58,399	107,683	9,950	299,298
DEPRECIATION, AMORTISATION AND IMPAIRMENT						
At 1st April, 2012	51,002	15,748	40,838	98,284	8,928	214,800
Provided for the year	3,253	285	5,323	3,310	999	13,170
Eliminated on disposals/ written off	—	—	(1,432)	(171)	(2,737)	(4,340)
Exchange rate adjustments	—	22	60	278	36	396
At 31st March, 2013	54,255	16,055	44,789	101,701	7,226	224,026
CARRYING AMOUNTS						
At 31st March, 2013	52,956	—	13,610	5,982	2,724	75,272

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

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

The carrying amounts of properties shown above comprise:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Land and buildings situated in Hong Kong:		
Held under long lease	34,140	35,089
Held under medium-term lease	4,415	4,631
Freehold land and building situated outside		
Hong Kong	3,214	3,300
Building situated in Hong Kong	4,975	6,799
Building situated outside Hong Kong	2,959	3,137
	<b>49,703</b>	<b>52,956</b>

## 13. INVESTMENT PROPERTIES

	THE GROUP	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Balance at beginning of the year	76,597	69,277
(Deficit)/surplus on revaluation	(300)	7,320
	<b>76,297</b>	<b>76,597</b>

The investment properties were revalued at 31st March, 2014 on an open market value basis by Dudley Surveyors Limited, independent Chartered Surveyors. The revaluation deficit of HK\$300,000 (2013: surplus of HK\$7,320,000) has been recognised in the consolidated statement of profit or loss.

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 13. INVESTMENT PROPERTIES (Continued)

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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Situated in Hong Kong:		
Held under long lease	71,457	71,857
Situated outside Hong Kong:		
Held under medium-term lease	4,840	4,740
	<b>76,297</b>	<b>76,597</b>

The fair value was determined based on Direct Comparison Approach assuming sale of the property interest in its existing state with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market.

There has been no change from the valuation technique used in the prior year. In estimating the fair value of the property, the highest and best use of the property is its current use.

The fair value measurements of the investment properties of the Group as at 31st March, 2014 were categorised into Level 2. There were no transfers into or out of Level 2 during the year.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 14. INTANGIBLE ASSET

	THE GROUP	
	Licence	
	2014	2013
	HK\$'000	HK\$'000
<b>COST</b>		
Balance at 1st April and 31st March	<b>31,600</b>	31,600
<b>AMORTISATION</b>		
Balance at 1st April	<b>3,498</b>	2,099
Charge for the year	<b>1,399</b>	1,399
Balance at 31st March	<b>4,897</b>	3,498
<b>CARRYING AMOUNT</b>		
Balance at 31st March	<b>26,703</b>	28,102

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 15. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2014 HK\$'000	2013 HK\$'000
Unlisted shares, at cost	280,229	280,229
Advances to subsidiaries	601,807	603,240
	<b>882,036</b>	<b>883,469</b>

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

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

Particulars of the Company's principal subsidiaries as at 31st March, 2014 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		Principal activities
			Group 2014	2013	
Aland Limited	Hong Kong/PRC	HK\$2	100%	100%	Property investment
Beef Bowl Limited	Hong Kong	HK\$200,000	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	HK\$1	100%	100%	Investment

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 15. INTERESTS IN SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid up share capital	Proportion of nominal value of issued share capital held by the		Principal activities
			Group 2014	2013	
City Court Properties Limited	British Virgin Islands/Hong Kong	21 ordinary shares of US\$1 each	100%	100%	Investment holding
Citydragon Resources Limited	British Virgin Islands	1 ordinary share of US\$1	100%	100%	Investment holding
Gold Throne International Limited	British Virgin Islands	1 ordinary share of US\$1	100%	100%	Investment holding
Golden Fidelity Holdings Limited	Hong Kong	HK\$2	100%	100%	Property holding
Golden Resources China (Group) Limited	Samoa	1 ordinary share of US\$1	100%	100%	Investment holding and property holding
Golden Resources Development Limited	Hong Kong	Ordinary shares HK\$2 and non-voting deferred shares* HK\$2,000,000	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



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 15. INTERESTS IN SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid up share capital	Proportion of nominal value of issued share capital held by the		Principal activities
			Group 2014	2013	
Golden Resources Warehouse Limited	Hong Kong	HK\$10,000	100%	100%	Warehouse operation
Goldsom Development Limited	Hong Kong	HK\$100	100%	100%	Investment holding
GR Environmental Development Company Limited	Hong Kong	HK\$3	100%	100%	Provision of logistics services
GR Vietnam International Limited	British Virgin Islands/Hong Kong	1 ordinary share of US\$1	100%	100%	Investment holding
Great Lead International Limited	British Virgin Islands	1 ordinary share of US\$1	100%	100%	Investment holding
Great Lead Vietnam Company Limited	Vietnam	Charter Capital US\$7,300,000 Paid up Capital US\$484,191	100%	100%	Construction of water distribution network
Guangzhou Golden Resources Trading Development Co., Ltd.	PRC	*RMB2,500,000	100%	100%	Marketing, sales and distribution of rice
Lee Loy Company Limited	Hong Kong	HK\$16,000	100%	100%	Property Holding
Magic Path Limited	Hong Kong	HK\$1	100%	—	Investment
Master Tone Limited	Hong Kong	HK\$2	100%	100%	Money lending

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 15.INTERESTS IN SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid up share capital	Proportion of nominal value of issued share capital held by the		Principal activities
			Group 2014	2013	
Paklink International Limited	British Virgin Islands	1 ordinary share of US\$1	100%	100%	Investment holding
Polygrand Enterprises Limited	Hong Kong	HK\$1	100%	100%	Operation of restaurant
Red Circle Company Limited <sup>®</sup>	Vietnam	Charter Capital VND1,000,000,000 Paid up Capital VND1,000,000,000	100%	100%	Operation of convenience stores
Reo Developments Limited <sup>®</sup>	British Virgin Islands/Hong Kong	21,451 ordinary shares of US\$1 each	100%	100%	Investment holding
Shantou SEZ Golden Resources Grain Co., Ltd.	PRC	<sup>#</sup> RMB10,300,000	100%	100%	Processing, packaging, marketing, sales and distribution of rice
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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 15. INTERESTS IN SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid up share capital	Proportion of nominal value of issued share capital held by the		Principal activities
			Group 2014	2013	
Sun Kai Yip (Shanghai) Industrial Investment Co., Ltd.	PRC	#US\$10,000,000	100%	100%	Investment and investment holding
Tresplain Investments Limited	British Virgin Islands/Hong Kong	2 ordinary shares of US\$1 each	100%	100%	Trade marks holding
Unique Gear Limited	Hong Kong	HK\$1	100%	100%	Operation of restaurant
Yuen Loong & Company Limited	Hong Kong	Ordinary shares HK\$200 and non-voting deferred shares* HK\$5,000,000	100%	100%	Importing and re- exporting of rice (Registered rice stockholder)

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

# Paid-up registered capital

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

GRV International entered into capital financing agreements ("Capital Financing Agreements") with Mr. Truong Vu Quoc Minh and Ms. Nguyen Thi Phuong Thao (collectively referred to as the "Vietnam Representatives"), pursuant to which, GRV International agreed to grant loans to the Vietnam Representatives for their capital contribution in Red Circle, representing 100% equity interest in Red Circle.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 15. INTERESTS IN SUBSIDIARIES (Continued)

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

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

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

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

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

## 16. INTERESTS IN ASSOCIATES

	THE GROUP	
	2014 HK\$'000	2013 HK\$'000
Unlisted investments:		
Share of net assets (Note a, b)	53,793	56,535
Goodwill on acquisition (Note b, c)	507	14,498
	<b>54,300</b>	71,033
Financial guarantee (Note b)	—	10,496
Advances to associates (Note b, d)	86,158	160,155
Deposits paid on commercial terms	7,887	12,495
	<b>148,345</b>	254,179
Carrying amounts (Note e)	<b>148,345</b>	254,179

Notes:

- (a) Investments in certain associates were in the form of equity and loans from the Group and other shareholders in accordance with respective percentages of equity shareholding in these associates. Investments in the form of loans were comparatively more significant than those in the form of equity, so that the entire amounts were treated as quasi-capital. Under these circumstances, losses incurred by these associates were shared by the Group to the extent that the losses did not exceed the aggregate of their equity and loan investments. As at 31st March, 2014 and 31st March, 2013, share of losses of associates did not exceed the equity investment.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 16. INTERESTS IN ASSOCIATES (Continued)

Notes: (Continued)

- (b) During the year ended 31st March, 2014, the Directors resolved to dispose of an associate, Dragon Fortune Ltd., to an independent third party. Subsequent to negotiations with the purchaser, the Group entered into sale and purchase agreement in April 2014 for the disposal. The relevant amounts were reclassified to non-current asset classified as held for sale during the year ended 31st March, 2014. Details of reclassification are set out in note 23 to the financial statements.
- (c) The goodwill tested for impairment is allocated to the group of cash-generating unit ("CGU") that constitutes Starland Century Limited (2013: Starland Century Limited and Dragon Fortune Ltd.). Impairment of the goodwill is tested using a fair value less cost to sell method. The key assumption used in testing the goodwill for impairment is that, on a disposal, a portfolio premium would be achieved over the aggregate of the individual fair values. The fair value less cost to sell is higher than the carrying amount of the CGU, accordingly, the Management of the Group determined that there was no impairment of its goodwill at 31st March, 2014.
- (d) The balances of advances to associates were unsecured, interest-free and will not be repayable in the coming twelve months. The Directors consider that the carrying amounts of advances to associates approximate their fair values.
- (e) The Directors consider that the recoverable amounts of interests in associates approximate their carrying amounts as at 31st March, 2014.

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

	THE GROUP	
	2014	2013
	HK\$'000	HK\$'000
Balance at beginning of the year	14,498	14,498
Transferred to asset classified as held for sale (Note 23)	(13,991)	—
Balance at end of the year	507	14,498

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 16. INTERESTS IN ASSOCIATES (Continued)

Particulars of the Group's principal associates as at 31st March, 2014 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
				2014	2013	
Doublewood Resources Sdn. Bhd.	Incorporated	Malaysia	2 ordinary shares of RM1 each	<b>37.50%</b>	37.50%	Property development and holding
GR Engineering Limited	Incorporated	British Virgin Islands	10,000 ordinary shares of US\$1 each	<b>40.00%</b>	40.00%	Investment holding
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	HK\$1,000	<b>37.50%</b>	37.50%	Investment holding
Supreme Development Company Limited (Note ii)	Incorporated	Hong Kong/ Hong Kong and PRC	HK\$15,001,500	<b>41.16%</b>	41.16%	Manufacturing and sale of plastic bags
Wealthway Resources Sdn. Bhd.	Incorporated	Malaysia	2 ordinary shares of RM1 each	<b>37.50%</b>	37.50%	Property development and holding

*Notes:*

- (i) Interest in Dragon Fortune Ltd. was reclassified to non-current asset classified as held for sale during the year ended 31st March, 2014. Details of reclassification are set out in note 23 to the financial statements.
- (ii) Supreme Development Company Limited has a wholly-owned subsidiary, Delux Arts Development Limited, which is incorporated in Hong Kong and engaged in manufacturing and sale of plastic bags in Hong Kong and PRC.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 16. INTERESTS IN ASSOCIATES (Continued)

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

The summarised consolidated financial information in respect of the Group's material associate is set out below, which represents amounts shown in the associate's consolidated financial statements prepared in accordance with HKFRSs. The associate is accounted for using the equity method in the consolidated financial statements.

### Supreme Development Company Limited

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Non-current assets	17,744	16,787
Current assets	152,257	155,076
Current liabilities	(61,547)	(72,024)
Non-current liabilities	—	(322)
Revenue	404,160	382,340
Profit for the year	13,113	4,779
Other comprehensive (loss)/income for the year	(2,975)	897
Total comprehensive income for the year	10,138	5,676
Dividend received from the associate during the year	494	412

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 16. INTERESTS IN ASSOCIATES (Continued)

The summarised financial information in respect of the Group's associates (excluding asset classified as held for sale) that are not individually material as at the end of the reporting period is set out below:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Total assets	265,148	1,125,643
Total liabilities	<b>(241,163)</b>	(1,022,227)
	<b>23,985</b>	103,416
Non-controlling interests	—	(57,576)
	<b>23,985</b>	45,840
<b>Group's share of net assets of associates</b>	<b>9,148</b>	15,570
Revenue	<b>230,747</b>	322,921
Profit/(loss) for the year	<b>3,547</b>	(21,927)
Group's share of current year's results of associates as at the end of the reporting period	<b>1,322</b>	(5,610)



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 17. AVAILABLE-FOR-SALE INVESTMENTS

	THE GROUP	
	2014 HK\$'000	2013 HK\$'000
Equity securities:		
Listed in Hong Kong	1,635	1,958
Unlisted	29,968	29,968
	<b>31,603</b>	31,926
Debt securities:		
Unlisted	21,250	9,988
Other unlisted securities	26,652	32,133
	<b>79,505</b>	74,047
Analysed as:		
Non-current assets	58,255	49,078
Current assets	21,250	24,969
	<b>79,505</b>	74,047

The Group's fair values of listed securities of HK\$1,635,000 (2013: HK\$1,958,000) are based on quoted market closing prices available on the relevant exchanges as at the end of the reporting period. The Group's unlisted securities of HK\$77,870,000 (2013: HK\$72,089,000) 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.

Unlisted equity securities are issued by private entities and all unlisted securities are issued outside Hong Kong.

During the year, securities with carrying amount of HK\$34,956,000 were derecognized upon maturity.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 18. PREPAID LEASE PAYMENTS

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

An analysis of the carrying amounts is as follows:

	THE GROUP	
	2014	2013
	HK\$'000	HK\$'000
Leasehold land situated in Hong Kong:		
Held under medium-term lease	12,898	13,286
Leasehold land situated outside Hong Kong:		
Held under medium-term lease	4,142	4,276
Held under long lease	279	284
	<b>17,319</b>	<b>17,846</b>

## 19. INVENTORIES

	THE GROUP	
	2014	2013
	HK\$'000	HK\$'000
At cost:		
Raw materials	99,921	96,027
Finished goods	24,628	24,411
Consumable stores	9,008	7,384
	<b>133,557</b>	<b>127,822</b>

None of the inventories were carried at net realizable value at the end of the reporting period (2013: Nil).

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 20. TRADE DEBTORS

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

	THE GROUP	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Within 30 days	<b>57,356</b>	43,589
31-60 days	<b>32,927</b>	35,829
61-90 days	<b>15,586</b>	12,609
Over 90 days	<b>2,632</b>	4,241
	<b>108,501</b>	96,268

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, 2014, trade debtors over 90 days amounted to HK\$2,632,000 (2013: HK\$4,241,000) were past due but not impaired as the balances were related to debtors with sound repayment history and no recent history of default.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 20. TRADE DEBTORS (Continued)

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

	THE GROUP	
	2014	2013
	HK\$'000	HK\$'000
Balance at beginning of the year	90	86
(Decrease)/increase in allowance recognised in consolidated statement of profit or loss	(194)	135
Amount written back/(written off as uncollectible)	169	(131)
<b>Balance at end of the year</b>	<b>65</b>	<b>90</b>

## 21. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	THE GROUP	
	2014	2013
	HK\$'000	HK\$'000
Advance to asset classified as held for sale ( <i>Note</i> )	16,520	—
Receivable from redemption of bond	6,951	—
Tax reserve certificates	2,287	—
Deposits and prepayments	18,713	15,916
Advances and other receivables	46,280	53,088
	<b>90,751</b>	<b>69,004</b>

*Note:*

Advance to asset classified as held for sale represents amount advanced to an associate which was transferred to non-current asset classified as held for sale during the year ended 31st March, 2014.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

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

	THE GROUP	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Equity securities:		
Listed in Hong Kong	<b>82,782</b>	67,546
Listed outside Hong Kong	<b>12,395</b>	12,348
	<b>95,177</b>	79,894
Debt securities:		
Listed in Hong Kong	<b>37,253</b>	29,698
Listed outside Hong Kong	<b>105,027</b>	98,393
Unlisted	—	29,413
	<b>142,280</b>	157,504
Other unlisted securities	<b>92,327</b>	73,315
	<b>329,784</b>	310,713

The fair values of listed securities are based on quoted market closing prices available on the relevant exchanges as at the end of the reporting period. The fair values of unlisted securities are based on quoted values or recent transaction prices provided by counterparty financial institutions.

During the year, the Group invested in a currency-linked note at maximum coupon rate of 7% per annum. The note is designated at fair value through profit or loss on initial recognition and the fair value at the end of reporting period of approximately HK\$14,618,000 is included in other unlisted securities.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 23. ASSET CLASSIFIED AS HELD FOR SALE/ LIABILITY DIRECTLY ASSOCIATED WITH ASSET CLASSIFIED AS HELD FOR SALE

During the year ended 31st March, 2014, the Directors resolved to dispose of an associate, Dragon Fortune Ltd., to an independent third party. Dragon Fortune Ltd. is incorporated in British Virgin Islands and acts as an investment holding company with issued and fully paid up share capital of US\$57,895. The Group held 28% equity interest in Dragon Fortune Ltd. at the end of the reporting period. Subsequent to negotiations with the purchaser, the Group entered into sale and purchase agreement in April 2014 for the disposal. The assets, liabilities and accumulated other comprehensive income, which are expected to be sold within twelve months, have been reclassified as held for sale and are presented separately in the consolidated statement of financial position. The net proceeds of disposal are expected to exceed the net carrying amount of the relevant assets, liabilities and accumulated other comprehensive income, and accordingly, no impairment loss has been recognized. Details of the event are set out in note 37 to the financial statements.

The major classes of assets, liabilities and accumulated other comprehensive income reclassified as held for sale are as follows:

	<b>THE GROUP</b>
	<b>2014</b>
	<b>HK\$'000</b>
Unlisted investments:	
Share of net assets	<b>181</b>
Goodwill on acquisition	<b>13,991</b>
	<b>14,172</b>
Financial guarantee	<b>10,496</b>
Advances to associates	<b>72,176</b>
	<b>96,844</b>
<b>Asset classified as held for sale</b>	<b>96,844</b>
Liability directly associated with asset classified as held for sale	
Financial guarantee contracts	<b>10,496</b>
	<b>21,915</b>
Accumulated other comprehensive income classified as held for sale	
Exchange reserve	<b>21,915</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 24. TRADE CREDITORS

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

	THE GROUP	
	2014	2013
	HK\$'000	HK\$'000
Within 30 days	7,183	9,437
31-60 days	506	62
61-90 days	36	23
Over 90 days	9	65
	<b>7,734</b>	<b>9,587</b>

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

## 25. BANK LOANS

	THE GROUP	
	2014	2013
	HK\$'000	HK\$'000
The maturity of the bank loans is as follows: Amounts due within one year shown under current liabilities	<b>7,758</b>	14,005
Analysed as:		
Secured	<b>7,758</b>	7,763
Unsecured	—	6,242
	<b>7,758</b>	<b>14,005</b>

The bank loan outstanding at the end of the reporting period was denominated in US dollar at interest rate of approximately 1.4% (2013: 1.4%) per annum and secured by the Group's cash balance of approximately HK\$1,983,000 (2013: HK\$495,000) and financial assets of approximately HK\$31,908,000 (2013: HK\$32,165,000). The remaining bank loan outstanding at the end of last reporting period was denominated in Renminbi at interest rate of approximately 7.2% per annum.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 26. FINANCIAL GUARANTEE CONTRACTS

	<b>THE GROUP</b> <i>HK\$'000</i>
At 31st March, 2012	6,820
Increase during the year	3,676
At 31st March, 2013	10,496
Transferred to liability directly associated with asset classified as held for sale during the year	(10,496)
At 31st March, 2014	—

Details of the financial guarantee contracts granted by the Group at the end of the reporting period are set out in note 23 to the financial statements.

## 27. DEFERRED TAX LIABILITIES

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

	<b>THE GROUP</b> <b>Accelerated tax depreciation</b> <i>HK\$'000</i>
At 31st March, 2012	1,998
Credit to income for the year	(486)
At 31st March, 2013	1,512
Charge to expense for the year	239
At 31st March, 2014	1,751

At the end of the reporting period, the Group has unused tax losses of approximately HK\$8,590,000 (2013: HK\$9,060,000) 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.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 28. SHARE CAPITAL

	Number of shares of HK\$0.10 each	<i>HK\$'000</i>
Authorised		
At 1st April, 2012, 31st March, 2013 and 31st March, 2014	3,000,000,000	300,000
Issued and fully paid		
At 1st April, 2012, 31st March, 2013 and 31st March, 2014	1,686,906,458	168,691

There was no movement in share capital during both years.

## 29. SHARE OPTIONS

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 29. SHARE OPTIONS (Continued)

As at 31st March, 2014, the number of shares in respect of which options had been granted but not exercised under the Scheme was 17,000,000, representing approximately 1% of the shares of the Company in issue at that date. The maximum number of shares which may be issued upon exercise of all options granted and to be granted under the Scheme is an amount equivalent to 10% of the shares of the Company in issue as at the date of approval of the Scheme unless approval for refreshing the 10% limit from the Company's shareholders has been obtained. The total number of shares of the Company available for issue under the Scheme is 168,690,645 shares, representing approximately 10% of the issued share capital of the Company as at the date of the annual report. The maximum number of shares issued and to be issued upon exercise of the share options granted to each eligible participant in the Scheme (including exercised, cancelled and outstanding options) within any 12-month period, is limited to 1% of the shares of the Company in issue. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 29. SHARE OPTIONS (Continued)

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.

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

	Grant date	Validity period	Exercise price for one share (Note 1) HK\$	Balance	Granted during the year	Exercised during the year	Balance
				outstanding at 1st April, 2013			outstanding at 31st March, 2014
Director	13th October, 2011	13th October, 2011 — 25th August, 2018 (Note 2)	0.41	5,000,000	—	—	5,000,000
Total				5,000,000	—	—	5,000,000
Employees	13th October, 2011	13th October, 2011 — 25th August, 2018 (Note 3)	0.41	6,000,000	—	—	6,000,000
	21st December, 2011	21st December, 2011 — 25th August, 2018 (Note 3)	0.376	6,000,000	—	—	6,000,000
Total				12,000,000	—	—	12,000,000
Grand total				17,000,000	—	—	17,000,000

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 29. SHARE OPTIONS (Continued)

*Notes:*

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

Save as disclosed above, no option was granted, exercised, lapsed or cancelled during both years or remained outstanding as at 31st March, 2014 and 31st March, 2013.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 30. RESERVES

### The Group

The amount of the Group's reserves and the movement therein for the current and prior years are presented in the consolidated statement of changes in equity on page 49 to 50 of the financial statements.

### The Company

	Share premium HK\$'000	Contributed surplus HK\$'000	Capital redemption reserve HK\$'000	Share options reserve HK\$'000	Dividend reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 31st March, 2012	449,540	216,596	515	138	20,243	29,428	716,460
Profit for the year	—	—	—	—	—	38,666	38,666
Equity-settled share-based payment expense	—	—	—	342	—	—	342
Prior year final dividend paid	—	—	—	—	(20,243)	—	(20,243)
Interim dividend paid	—	—	—	—	—	(20,243)	(20,243)
Final dividend proposed for the year ended 31st March, 2013	—	—	—	—	20,243	(20,243)	—
At 31st March, 2013	449,540	216,596	515	480	20,243	27,608	714,982
Profit for the year	—	—	—	—	—	38,695	38,695
Equity-settled share-based payment expense	—	—	—	342	—	—	342
Prior year final dividend paid	—	—	—	—	(20,243)	—	(20,243)
Interim dividend paid	—	—	—	—	—	(20,243)	(20,243)
Final dividend proposed for the year ended 31st March, 2014	—	—	—	—	20,243	(20,243)	—
At 31st March, 2014	449,540	216,596	515	822	20,243	25,817	713,533

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 30. RESERVES (Continued)

### The Company (Continued)

#### Notes:

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

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

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Contributed surplus	216,596	216,596
Dividend reserve	20,243	20,243
Retained earnings	25,817	27,608
	<b>262,656</b>	<b>264,447</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.

## 31. PLEDGE OF ASSETS

At the end of the reporting period, the Group pledged cash balance of approximately HK\$9.8 million (2013: HK\$2.8 million) and financial assets of approximately HK\$228.7 million (2013: HK\$155.3 million) to secure general credit facilities granted to a subsidiary. Details of the facilities which have been utilized at the end of the reporting period are set out in note 25 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 32. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

### (a) Directors' emoluments

	2014 HK\$'000	2013 HK\$'000
Fees	267	275
Basic salaries, allowances and benefits in kind	10,599	9,812
Retirement benefits scheme contributions	349	332
Bonus paid	3,129	3,217
Share-based payment expense (Note)	109	109
	<b>14,453</b>	<b>13,745</b>

Name of director	Fees HK\$'000	Other emoluments				2014 Total HK\$'000	2013 Total HK\$'000
		Basic salaries, allowances and benefits in kind HK\$'000	Retirement benefits scheme contributions HK\$'000	Bonus paid HK\$'000	Share-based payment expense HK\$'000		
<b>Executive Director</b>							
Mr. Alvin Leslie LAM Kwing Wai	—	2,786	69	843	—	3,698	3,967
Mr. Laurent LAM Kwing Chee	—	2,087	93	481	—	2,661	2,454
Mr. Anthony LAM Sai Ho	—	2,653	69	662	—	3,384	3,159
Madam LAM Kit Woo	—	1,686	66	481	—	2,233	2,009
Mr. TSANG Siu Hung	—	1,387	52	662	109	2,210	1,881
<b>Independent Non-executive Director</b>							
Mr. John WONG Yik Chung	100	—	—	—	—	100	100
Mr. Michael YU Tat Chi	100	—	—	—	—	100	25
Mr. Ronald YAN Mou Keung (appointed on 30th September, 2013)	17	—	—	—	—	17	—
Mr. Richard LAU Siu Sun (resigned on 30th September, 2013)	50	—	—	—	—	50	100
Mr. LAM Ping Cheung (retired on 30th August, 2012)	—	—	—	—	—	—	50
<b>2014 Total</b>	<b>267</b>	<b>10,599</b>	<b>349</b>	<b>3,129</b>	<b>109</b>	<b>14,453</b>	<b>13,745</b>
<b>2013 Total</b>	<b>275</b>	<b>9,812</b>	<b>332</b>	<b>3,217</b>	<b>109</b>	<b>13,745</b>	

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 32. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(Continued)

### (a) Directors' emoluments (Continued)

Note:

Share-based payment expense represents the estimated value of share options granted to the Directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions. The details of these benefits in kind, including the principal terms and number of options granted, are disclosed in the Report of the Directors and note 29 under sections heading "Share Options".

### (b) Employees' emoluments

The five highest paid employees during the year included five (2013: four) Directors, details of whose remunerations are set out in note 32(a) above. The remunerations paid to the five highest paid employees are as follows:

	2014 HK\$'000	2013 HK\$'000
Basic salaries, allowances and benefits in kind	10,599	9,908
Retirement benefits scheme contributions	349	337
Bonus paid	3,129	3,624
Share-based payment expense	109	—
	<b>14,186</b>	<b>13,869</b>

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

HK\$	No. of persons	
	2014	2013
2,000,001 — 2,500,000	2	3
2,500,001 — 3,000,000	1	—
3,000,001 — 3,500,000	1	1
3,500,001 — 4,000,000	1	1
	<b>5</b>	<b>5</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 33. RELATED PARTY TRANSACTIONS

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

	2014 HK\$'000	2013 HK\$'000
Net amount of trade purchases from and sharing of administrative services on a cost basis with associates ( <i>Notes a, b</i> )	211,070	177,528
Net amount of sharing of administrative services on a cost basis with related parties ( <i>Notes b, c</i> )	975	729
Net amount of trade purchases from related party ( <i>Notes a, d</i> )	—	4,829

*Notes:*

- (a) The trade purchases were carried out in the ordinary course of business and at prices determined by reference to prevailing market price.
- (b) The costs of administrative services were allocated to the parties involved on a cost basis.
- (c) Related parties are related to the Group as they are under the common control with a common director of wholly-owned subsidiaries of the Company.
- (d) Related party was related to the Group as this party was the substantial shareholder of a non-wholly owned subsidiary of the Company. This party is no longer related to the Group since the disposal of this non-wholly owned subsidiary in January 2013. The amount for last year ended 31st March, 2013 represented transactions incurred during the period from 1st April, 2012 to January 2013.

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 (2013: HK\$960,000).

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 33. RELATED PARTY TRANSACTIONS (Continued)

### Remuneration for key management personnel

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

	THE GROUP	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Short-term employee benefits	<b>13,728</b>	17,150
Post-employment employee benefits	<b>349</b>	447
Share-based payment expense	<b>109</b>	109
	<b>14,186</b>	17,706

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

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

In addition to the above, the Group also provided guarantees to banks in respect of banking facilities granted to associates as set out in note 34(c).

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 34.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	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Acquisition of plant and equipment	470	2,878
Capital contribution for an available-for-sale investment	20,400	20,400
	<b>20,870</b>	<b>23,278</b>

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 34. COMMITMENTS AND CONTINGENT LIABILITIES

(Continued)

### (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	
	2014	2013
	HK\$'000	HK\$'000
Within one year	18,903	10,407
In the second to fifth year inclusive	37,691	19,589
After five years	5,372	4,136
	<b>61,966</b>	<b>34,132</b>

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

#### *The Group as lessor*

Property rental income earned during the year was HK\$2,149,000 (2013: HK\$2,376,000). The properties rented out have committed tenants for the next 2 years.

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

	THE GROUP	
	2014	2013
	HK\$'000	HK\$'000
Within one year	1,512	1,176
In the second to fifth year inclusive	285	176
	<b>1,797</b>	<b>1,352</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 34. COMMITMENTS AND CONTINGENT LIABILITIES

(Continued)

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

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Guarantees given in respect of banking facilities made available to:				
— subsidiaries	—	—	202,744	123,938
— associates	15,076	79,968	15,076	79,968
— asset classified as held for sale	63,280	—	63,280	—
	<b>78,356</b>	79,968	<b>281,100</b>	203,906

At the end of the reporting period, the Group's subsidiaries and associates had not utilised any of the banking facilities guaranteed by the Company (2013: amounted to approximately HK\$6,242,000 and HK\$55,697,000 respectively). The extent of guaranteed banking facilities utilised by the asset held for sale as at 31st March, 2014 amounted to approximately HK\$29,960,000 (2013: HK\$55,697,000 included in utilisation by associates).

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 35. RETIREMENT BENEFITS SCHEMES

	THE GROUP	
	2014 HK\$'000	2013 HK\$'000
Retirement benefits schemes contributions	2,628	2,477
Less: Forfeited contributions	—	(168)
	<b>2,628</b>	<b>2,309</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.

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 statement of profit or loss 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

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

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

### (a) Interest rate risk management

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

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

The sensitivity analyses below have been determined based on the exposure to interest rate risk for derivative and non-derivative instruments at the end of the reporting period. The analyses are prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. Increase or decrease in interest rate by 100 basis points (2013: 100 basis points) is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates.

If interest rates were 100 basis points (2013: 100 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31st March, 2014 would increase/decrease by approximately HK\$78,000 (2013: HK\$140,000). This is mainly attributable to the Group's exposure to interest rate risk on its variable rate borrowings.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

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

(Continued)

### (b) Currency risk management

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

	THE GROUP			
	Assets		Liabilities	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Renminbi	133,447	148,041	6,324	12,568
Vietnamese Dong	40,514	20,204	8,253	6,305

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

	Increase/decrease in equity for the year	
	2014	2013
	HK\$'000	HK\$'000
Impact of Renminbi	6,356	6,774
Impact of Vietnamese Dong	2,581	1,112



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

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

(Continued)

### (c) Capital risk management

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

The Group monitors capital management on the basis of debt-to-equity ratio. The Group had cash balance of HK\$155,161,000 (2013: HK\$180,316,000) and outstanding bank loans amounted to HK\$7,758,000 (2013: HK\$14,005,000) 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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Total debts:		
Bank loans	7,758	14,005
Shareholders' equity	1,252,874	1,214,735
Debt-to-equity ratio	0.6%	1.2%

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

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

(Continued)

### (d) Credit risk management

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

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

### (e) Liquidity risk management

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

As at 31st March, 2014, the Group's net current assets amounted to HK\$862,274,000 (2013: HK\$733,898,000) with current ratio, calculated as current assets divided by current liabilities, at approximately 12.7 times (2013: 10.8 times). Together with cash balance of HK\$155,161,000 (2013: HK\$180,316,000), the Group is in sound financial position to meet the capital requirements of the Group's operations and developments in the near future.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

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

(Continued)

### (e) Liquidity risk management (Continued)

	THE GROUP					
	At 31st March, 2014					
	Weighted average effective interest rate	Within 1 month or on demand	More than 1 month but less than 3 months	More than 3 months but less than 1 year	Total contractual undiscounted cash flow	Total carrying amount
	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade creditors	—	7,183	542	9	7,734	7,734
Other creditors and accruals	—	21,979	—	—	21,979	21,979
Liability directly associated with asset classified as held for sale	—	10,496	—	—	10,496	10,496
Bank loans	1.4%	—	7,783	—	7,783	7,758
		39,658	8,325	9	47,992	47,967

	THE GROUP					
	At 31st March, 2013					
	Weighted average effective interest rate	Within 1 month or on demand	More than 1 month but less than 3 months	More than 3 months but less than 1 year	Total contractual undiscounted cash flow	Total carrying amount
	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade creditors	—	9,437	85	65	9,587	9,587
Other creditors and accruals	—	21,138	—	—	21,138	21,138
Financial guarantee contracts	—	10,496	—	—	10,496	10,496
Bank loans	4.0%	—	7,788	6,678	14,466	14,005
		41,071	7,873	6,743	55,687	55,226

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

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

(Continued)

### (f) Fair value

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

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

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

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

### Financial assets

	THE GROUP			
	At 31st March, 2014			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Available-for-sale investments:				
Listed equity securities	1,635	—	—	1,635
Financial assets at fair value through profit or loss:				
Listed equity securities	95,177	—	—	95,177
Listed debt securities	142,280	—	—	142,280
Other unlisted securities	—	92,327	—	92,327
	<b>239,092</b>	<b>92,327</b>	<b>—</b>	<b>331,419</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

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

(Continued)

(f) **Fair value** (Continued)

### **Financial assets**

	THE GROUP			
	At 31st March, 2013			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Available-for-sale investments:				
Listed equity securities	1,958	—	—	1,958
Financial assets at fair value through profit or loss:				
Listed equity securities	79,894	—	—	79,894
Listed debt securities	128,091	—	—	128,091
Unlisted debt securities	—	29,413	—	29,413
Other unlisted securities	1,239	72,076	—	73,315
	211,182	101,489	—	312,671

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

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

(Continued)

**(f) Fair value** (Continued)

**Financial assets** (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 Directors consider that the carrying amounts of financial assets approximate their fair values.

**(g) Financial instruments price risk management**

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

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

(Continued)

### (g) Financial instruments price risk management (Continued)

As at 31st March, 2014, carrying values of available-for-sale investments and financial assets at fair value through profit or loss which were stated at fair values amounted to HK\$1,635,000 (2013: HK\$1,958,000) and HK\$329,784,000 (2013: HK\$310,713,000) respectively. For sensitivity analysis purpose, a 15% change (2013: 15% change) in the fair values of corresponding financial instruments would result in the movements in investments revaluation reserve and changes in results for the year of HK\$245,000 (2013: HK\$294,000) and HK\$49,468,000 (2013: HK\$46,607,000) respectively.

## 37. EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, on 7th April, 2014, a wholly-owned subsidiary of the Company (the "Vendor") entered into an agreement with White Heron Limited to sell the Vendor's entire interest in Dragon Fortune Ltd., representing approximately 28% of its issued share capital, and the shareholder's loan for a cash consideration of HK\$107,183,362.29, subject to adjustments. 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.

## 38. COMPARATIVE FIGURES

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

# SCHEDULE OF INVESTMENT PROPERTIES

At 31st March, 2014

Particulars of investment properties are as follows:

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



# GROUP FINANCIAL SUMMARY

At 31st March, 2014

	Year ended 31st March,				
	2010	2011	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>RESULTS</b>					
Turnover	743,038	844,034	939,521	954,111	<b>1,003,106</b>
Profit before taxation	186,164	162,945	91,943	108,351	<b>102,091</b>
Taxation	(11,804)	(16,809)	(18,138)	(15,597)	<b>(18,156)</b>
Profit for the year	174,360	146,136	73,805	92,754	<b>83,935</b>
Attributable to:					
Shareholders of the Company	174,553	146,665	72,119	91,728	<b>83,382</b>
Non-controlling interests	(193)	(529)	1,686	1,026	<b>553</b>
	174,360	146,136	73,805	92,754	<b>83,935</b>
Dividends	36,581	37,274	40,486	40,486	<b>40,486</b>
<b>ASSETS AND LIABILITIES</b>					
	As at 31st March,				
	2010	2011	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total assets	1,081,534	1,189,367	1,275,496	1,310,166	<b>1,347,312</b>
Total liabilities	(98,413)	(92,643)	(98,216)	(76,706)	<b>(75,325)</b>
Non-controlling interests	(12,169)	(13,411)	(18,646)	(18,725)	<b>(19,113)</b>
Shareholders' equity	970,952	1,083,313	1,158,634	1,214,735	<b>1,252,874</b>