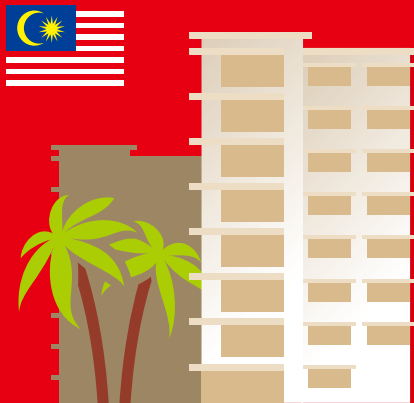
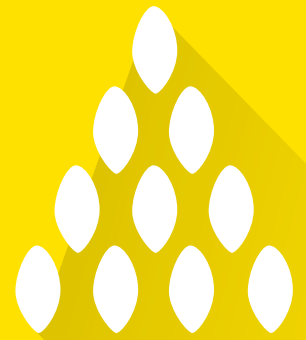
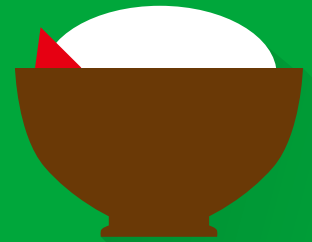


ANNUAL REPORT 2016



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

Contents

CORPORATE INFORMATION	02
CHAIRMAN'S STATEMENT	03
COMPANY BACKGROUND	06
CORPORATE GOVERNANCE REPORT	07
REPORT OF THE DIRECTORS	22
INDEPENDENT AUDITOR'S REPORT	37
CONSOLIDATED STATEMENT OF PROFIT OR LOSS	39
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	40
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	41
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	43
CONSOLIDATED STATEMENT OF CASH FLOWS	45
NOTES TO THE FINANCIAL STATEMENTS	47
SCHEDULE OF INVESTMENT PROPERTIES	119
GROUP FINANCIAL SUMMARY	120

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
LAM Sai Mann
TSANG Siu Hung

Independent Non-executive Directors

Joseph LAM Yuen To
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, 2016.

BUSINESS REVIEW AND PROSPECTS

For the year under review, the Group recorded a net loss of HK\$45,762,000 when compared with a net profit of HK\$143,016,000 for the last financial year. Such loss was mainly attributable to the absence of one-off gain on the disposal of an associate of approximately HK\$35,350,000 in last financial year; the loss of HK\$58,582,000 on financial assets at fair value through profit or loss and derivative financial instruments under the current substantial downturn in the global investment markets; and the impairment loss on available-for-sale investments to the extent of approximately HK\$54,931,000, arising from the default of repayments by the investment funds in China. Legal proceedings have been taken for the recovery of the above-mentioned investment funds. The Board considers that such impairment loss does not have a material impact on the cash flow position and does not affect the core business of the Group which remains sound and healthy.

In Hong Kong, the rice market remains challenging and tough, with keen competition amongst major players. To preserve our leading position in the rice market, we have been proactively launching effective marketing initiatives to promote the products, deepen market penetration, and widen our customer base. To strengthen our core competencies, we have implemented stringent cost control at all levels of the operation. We have also invested in automation processes to reduce labour costs, while strengthening and improving the production process to enhance productivity. We are confident that the performance of our core rice business will improve and deliver a sustainable healthy business growth.

In Mainland China, the operating environment of our rice business was difficult and tough. With severe market competition and rising operating costs, our China rice operation recorded an operating loss. We anticipate that our China rice operation will continue to be challenging and tough.

In Vietnam, our Circle K convenience store business has been progressing well in line with expectations. Vietnam tourist arrivals saw a double digit year-on-year growth. With the increase in tourist spending, together with strong retail market sentiment, we achieved a strong double digit growth in comparable store sales. We are aggressively expanding our store network to strengthen our market position dominance so as to expedite the reach of the critical mass. Apart from Ho Chi Minh City, we have opened new stores in Hanoi since the beginning of the financial year. The sales were overwhelming and encouraging. With high growth potential, we have put more efforts to expand store network in Hanoi. Further expansion into other key cities is also in the plan. We continue to develop and uplift the store format to pursue excellent customer service. We strive to enhance our competitive advantages by widening the product spectrum, enriching product category, strengthening global procurement and launching aggressive merchandising plans. The Hot-Food-Eat-In food service counters are enthusiastically developed and expanded as the way to differentiate us with our competitors. We have also built a customer loyalty and reward program to retain existing customers and attract new ones. We have initiated

Chairman's Statement

proactive online marketing in the social media platforms to appeal to social media group so as to connect and communicate with the current and potential customers. Our 4Fs (Fresh, Friendly, Fast and Full) customer service commitment is strengthened to deliver total customer satisfaction and to develop a customer centric culture. Our CSL (Caring, Sharing and Learning) employee engagement program is playing an important role for instilling the employee with senses of commitment and dedication to the company so as to nurture the employee to take pride to work with us. We envision Circle K to be the most preferred convenience store brand in Vietnam and the "Neighbourhood Store" wherever with our presence.

As of 31st March, 2016, the Group had net cash and bank balances of HK\$258 million. With the strong balance sheet and cash position, the Group is well poised to capture favourable business investment opportunities and to diversify our operations so as to generate stable and satisfactory long-term returns for the shareholders.

Looking forward, we remain focused on the core rice business development to deliver long-term sustainable growth. We continue our expansion in the Vietnam Circle K convenience store business and believe that it will deliver a strong and profitable income stream for the Group. With the steady cash inflow generated from the core rice business, together with disciplined financial management, the Group is well placed to sustain long term business growth. We are confident on the Group's long term growth prospects.

FINAL DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK1.2 cents per share (2015: HK1.2 cents per share) for the year ended 31st March, 2016 to the shareholders on the Register of Members of the Company at the close of business on Thursday, 1st September, 2016. Together with the interim dividend of HK1.2 cents per share paid on Wednesday, 13th January, 2016, the total dividends for the year ended 31st March, 2016 will be HK2.4 cents per share (2015: HK2.4 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 Thursday, 15th September, 2016.

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 Monday, 22nd August, 2016 to Friday, 26th August, 2016, 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 Friday, 19th August, 2016 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 Friday, 19th August, 2016.

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 Tuesday, 30th August, 2016. The Company's shares will be traded ex-entitlement on Wednesday, 31st August, 2016.

The record date for the entitlement to the final dividend is at 4:30 p.m. on Thursday, 1st September, 2016. 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 Thursday, 1st September, 2016. The final dividend will be paid on or about Thursday, 15th September, 2016.

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, 2016.

On behalf of the Board

Alvin Leslie LAM Kwing Wai
Chairman

Hong Kong, 30th June, 2016

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, 2016 except the following deviation:

Code provision E.1.2 of the Code stipulates that the Chairman of the Board should attend the Annual General Meetings. Mr. Alvin Leslie LAM Kwing Wai, the Chairman of the Board and the Nomination Committee, was unable to attend the Annual General Meeting of the Company held on 28th August, 2015 (“the Meeting”) due to his other personal engagements. Mr. Laurent LAM Kwing Chee, the Vice Chairman of the Board, took the chair of the Meeting and other members of the Board (including the Chairman and members of the Audit Committee and Remuneration Committee and members of the Nomination Committee) were present to answer questions from shareholders at the Meeting.

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, 2016.

THE BOARD

Composition

The Board currently comprises nine Directors including six 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. John WONG Yik Chung resigned as an Independent Non-executive Director of the Company on 14th August, 2015 due to his other engagements. Mr. Joseph LAM Yuen To was appointed as an Independent Non-executive Director of the Company on 14th August, 2015.

Corporate Governance Report

The composition of the Board of the Company for the year ended 31st March, 2016 and up to the date of this report were:

Executive Directors:

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

Independent Non-executive Directors:

Mr. Joseph LAM Yuen To (*Note 1*)
Mr. Michael YU Tat Chi
Mr. Ronald YAN Mou Keung
Mr. John WONG Yik Chung (*Note 2*)

Notes:

1. Mr. Joseph LAM Yuen To was appointed as the Independent Non-executive Director of the Company on 14th August, 2015.
2. Mr. John WONG Yik Chung resigned as the Independent Non-executive Director of the Company on 14th August, 2015.

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, the uncle of Mr. Anthony LAM Sai Ho, Managing Director of the Company, and the father of Madam LAM Sai Mann, the Executive Director of the Company. The biographical details and relationships among members of the Board are set out on pages 26 to 28 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, 2016, 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.

Corporate Governance Report

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

Directors of the Company are continually updated with legal and regulatory developments, and the business environment to facilitate the discharge of their responsibilities. 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, 2016. 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, 2016, 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
Executive Directors:		
Mr. Alvin Leslie LAM Kwing Wai (<i>Chairman</i>)	4/4	0/1
Mr. Laurent LAM Kwing Chee (<i>Vice Chairman</i>)	3/4	1/1
Mr. Anthony LAM Sai Ho (<i>Managing Director</i>)	4/4	1/1
Madam LAM Kit Woo	4/4	1/1
Madam LAM Sai Mann	4/4	1/1
Mr. TSANG Siu Hung	4/4	1/1
Independent Non-executive Directors:		
Mr. Joseph LAM Yuen To (<i>Note 1</i>)	3/3	1/1
Mr. Michael YU Tat Chi	4/4	1/1
Mr. Ronald YAN Mou Keung	4/4	1/1
Mr. John WONG Yik Chung (<i>Note 2</i>)	1/1	0/0

Notes:

1. Mr. Joseph LAM Yuen To was appointed as the Independent Non-executive Director of the Company on 14th August, 2015.
2. Mr. John WONG Yik Chung resigned as the Independent Non-executive Director of the Company on 14th August, 2015.

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.

Corporate Governance Report

BOARD COMMITTEES

During the year ended 31st March, 2016, the Board has three board 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.

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. John WONG Yik Chung resigned as member of the Remuneration Committee of the Company on 14th August, 2015 due to his other engagements and Mr. Joseph LAM Yuen To was appointed as member of the Remuneration Committee of the Company on 14th August, 2015.

The members of the Remuneration Committee for the year ended 31st March, 2016 comprise four members, of which three are Independent Non-executive Directors, Mr. Michael YU Tat Chi (Chairman of Remuneration Committee), Mr. Joseph LAM Yuen To, Mr. Ronald YAN Mou Keung and one is Executive Director, Mr. Alvin Leslie LAM Kwing Wai.

Corporate Governance Report

The principal duties of the Remuneration Committee include:

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

The Remuneration Committee held one meeting during the year ended 31st March, 2016. The attendance of each member was as follows:

Name of Director	Number of Attendance/ Number of Meeting Held
Mr. Michael YU Tat Chi <i>(Chairman of the Remuneration Committee)</i>	1/1
Mr. Alvin Leslie LAM Kwing Wai	1/1
Mr. Joseph LAM Yuen To <i>(Note 1)</i>	0/0
Mr. Ronald YAN Mou Keung	1/1
Mr. John WONG Yik Chung <i>(Note 2)</i>	1/1

Notes:

1. Mr. Joseph LAM Yuen To was appointed as member of the Remuneration Committee of the Company on 14th August, 2015.
2. Mr. John WONG Yik Chung resigned as member of the Remuneration Committee of the Company on 14th August, 2015.

Corporate Governance Report

During the year ended 31st March, 2016, the summary of work performed by the Remuneration Committee was as follows:

- reviewed the remuneration policy for 2015/2016;
- 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. John WONG Yik Chung resigned as member of the Nomination Committee of the Company on 14th August, 2015 due to his other engagements and Mr. Joseph LAM Yuen To was appointed as member of the Nomination Committee of the Company on 14th August, 2015.

The members of the Nomination Committee for the year ended 31st March, 2016 comprise four members, of which three are Independent Non-executive Directors, Mr. Joseph LAM Yuen To, 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.

Corporate Governance Report

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.

The Nomination Committee held one meeting during the year ended 31st March, 2016. 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 of the Nomination Committee)</i>	1/1
Mr. Joseph LAM Yuen To <i>(Note 1)</i>	1/1
Mr. Michael YU Tat Chi	1/1
Mr. Ronald YAN Mou Keung	1/1
Mr. John WONG Yik Chung <i>(Note 2)</i>	0/0

Notes:

1. Mr. Joseph LAM Yuen To was appointed as member of the Nomination Committee of the Company on 14th August, 2015.
2. Mr. John WONG Yik Chung resigned as member of the Nomination Committee of the Company on 14th August, 2015.

Corporate Governance Report

During the year ended 31st March, 2016, the summary of work performed by the Nomination Committee was as follows:

- reviewed the appointment of Executive Director and recommended to the Board for approval;
- reviewed the appointment of Independent Non-executive Director;
- reviewed the structure, size and composition of the Board; and
- reviewed and assessed 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. John WONG Yik Chung resigned as chairman of the Audit Committee of the Company on 14th August, 2015 due to his other engagements and Mr. Joseph LAM Yuen To was appointed as chairman of the Audit Committee of the Company on 14th August, 2015.

The members of the Audit Committee for the year ended 31st March, 2016 comprise three Independent Non-executive Directors, Mr. Joseph LAM Yuen To (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, and expressly addressed by a separate board risk committee, or the Board itself, to review the Company's risk management and internal control systems;

Corporate Governance Report

- to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective internal control systems;
- to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response; and
- to review the Group's financial and accounting policies and practices.

The Audit Committee held two meetings during the year ended 31st March, 2016. The attendance of each member is set out as follows:

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

Notes:

1. Mr. Joseph LAM Yuen To was appointed as chairman of the Audit Committee of the Company on 14th August, 2015.
2. Mr. John WONG Yik Chung resigned as chairman of the Audit Committee of the Company on 14th August, 2015.

During the year ended 31st March, 2016, the summary of work performed by the Audit Committee was as follows:

- review of the financial statement for the year ended 31st March, 2015 and for the six months ended 30th September, 2015;
- 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, 2016. 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>)	1/1
Mr. Laurent LAM Kwing Chee (<i>Vice Chairman</i>)	1/1
Mr. Anthony LAM Sai Ho (<i>Managing Director</i>)	1/1
Madam LAM Kit Woo	1/1
Madam LAM Sai Mann	1/1
Mr. TSANG Siu Hung	1/1
Mr. Joseph LAM Yuen To (<i>Note 1</i>)	1/1
Mr. Michael YU Tat Chi	1/1
Mr. Ronald YAN Mou Keung	1/1
Mr. John WONG Yik Chung (<i>Note 2</i>)	0/0

Notes:

1. Mr. Joseph LAM Yuen To was appointed as the Independent Non-executive Director of the Company on 14th August, 2015.
2. Mr. John WONG Yik Chung resigned as the Independent Non-executive Director of the Company on 14th August, 2015.

Corporate Governance Report

During the year ended 31st March, 2016, 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 2015/2016;
- 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 2015/2016.

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, 2016, the Company Secretary undertook over 15 hours' professional training to update his skill and knowledge in compliance with the Code.

AUDITOR'S REMUNERATION

During the year ended 31st March, 2016, the total audit fee of the Group amounted to approximately HK\$686,000. Non-audit service fee for the year amounted to approximately HK\$63,000.

DIRECTORS' RESPONSIBILITIES FOR PREPARING THE FINANCIAL STATEMENTS

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

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

The statement of the external auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 37 to 38 of this annual report.

Corporate Governance Report

INTERNAL CONTROL

The Board has overall responsibility for maintaining sound and effective risk management and internal control systems of the Group. The Group's risk management and internal control systems include 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 risk management and internal control systems 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. The Board is of the view that the existing risk management and internal control systems are effective and adequate to the Group.

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.

Corporate Governance Report

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

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

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

If the notice is submitted after the dispatch of the notice of the general meeting appointed for such election, the period for lodgment of such notice shall commence on the day after the dispatch 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.

Corporate Governance Report

(c) Procedures to send enquiries to the Board

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

COMMUNICATION WITH SHAREHOLDERS

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

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

To promote effective communication with shareholders, the Company provides them with access to the latest information about the Company. The Company's website, www.grdil.com, 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, 2016.

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, operation of convenience stores, securities investment, property investment, operation of restaurants and investment holding.

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

BUSINESS REVIEW

Review and outlook of the business of the Group as required by Schedule 5 to the Hong Kong Companies Ordinance are disclosed in the Chairman's Statement, Notes to the Financial Statements and Group Financial Summary of this annual report, which form part of this report. There are no significant events affecting the Group which have occurred since the end of the financial year.

CORPORATE SOCIAL RESPONSIBILITY

Environmental Policies and Performance

The Group recognizes its responsibility to protect the environment from its business activities. The Group aims to maximize energy conservation in its offices by promoting efficient use of resources and adopting green technologies. For instance, the Group seeks to upgrade equipment such as lighting by installing LED lighting at the whole building; optimally controlling the thermostat settings of air conditioning systems and switching off unnecessary electric power in order to reduce costs and increase overall operating efficiency. To identify energy efficiency opportunities, the Group measures and records the energy consumption intensity from time to time. To minimize the noise pollution during production, the Group seeks to upgrade its production machines and install noise absorption material to prevent noise leaked to the nearby environment. The Group strives to reduce plastic waste by launching Hong Kong's first environmental friendly rice bag which is comprised of substance that complied with European Union's packaging standard, enabling the plastic rice package to become degradable after discarding. We continually seek to identify and manage environmental impacts attributable to our operational activities in order to minimize these impacts if possible.

Social Contribution Activities

The Group is committed to making a positive contribution to the communities by supporting a wide range of initiatives, making donations, and dedicating other resources and expertise. In August of 2015, we participated in the 2015-2016 annual "Success Appointment" in Tuen Mun District Youth Challenge and Self-rewards Program — Positive Energy Agglomeration Day to provide short-term commercial training experience for the youth of Tuen Mun District. In November of 2015, the Group donated presents for the Annual Fun Fair held by the Hong Kong Sheng Kung Hui (Anglican Church). The Group continues to search for new ways in which it may serve the communities.

Report of the Directors

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Directors are of view that employees, customers and business partners are the keys to the sustainable development of the Group. Our Directors believe that we maintain good working relations with our employees and business partners and we endeavor to improve the quality of services to the customers.

The Group offers competitive wages, bonuses and other benefits to full time employees. The Group ensures all staff is reasonably remunerated and regularly reviews the employment policies on remuneration and other benefits.

The Group maintains a good relationship with its customers and suppliers. The Group maintains close contacts with the customers and regularly reviews the customers' requirements and complaints.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognizes the importance of compliance with regulatory requirements and risks of non-compliance with such requirements. The Group has conducted on-going review of the new enacted laws and regulations affecting the operations of the Group. For the year ended 31st March, 2016, the Group was not aware of any material non-compliance with the laws and regulations that have significant impact on the business of the Group.

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-Laws of the Company, the Directors and other officers for the time being of the Company acting in relation to the affairs of the Company, shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duties or supposed duties in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own wilful neglect or default, fraud and dishonesty respectively.

The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group to protect the Directors and officers of the Group against any potential liability arising from the Group's activities which such Directors and officers may be held liable.

SUBSIDIARIES AND ASSOCIATES

Details of the Company's principal subsidiaries and of the Group's principal associates at 31st March, 2016 are set out in notes 30 and 15 to the financial statements.

Report of the Directors

RESULTS AND APPROPRIATION

The results of the Group for the year ended 31st March, 2016 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 39 to 118.

An interim dividend of HK1.2 cents per share amounting to approximately HK\$20,333,000 was paid to the shareholders during the year. The Directors now recommend the payment of a final dividend of HK1.2 cents per share to the shareholders on the Register of Members on Thursday, 1st September, 2016 amounting to approximately HK\$20,333,000.

SHARE PREMIUM AND RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 29 to the financial statements and the consolidated statement of changes in equity respectively.

GROUP FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 120 of the annual report.

INVESTMENT PROPERTIES

The Group revalued all of its investment properties at 31st March, 2016. The revaluation deficit of HK\$3,180,000 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.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 26 to the financial statements.

DISTRIBUTABLE RESERVES

As at 31st March, 2016, the Company's reserves available for distribution to shareholders, calculated in accordance with the provision of the Companies Act 1981 of Bermuda (as amended), amounted to approximately HK\$262,193,000.

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.

Report of the Directors

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*)
Mr. Laurent LAM Kwing Chee (*Vice Chairman*)
Mr. Anthony LAM Sai Ho (*Managing Director*)
Madam LAM Kit Woo
Madam LAM Sai Mann
Mr. TSANG Siu Hung

Independent Non-executive Directors:

Mr. Joseph LAM Yuen To (*Note 1*)
Mr. Michael YU Tat Chi
Mr. Ronald YAN Mou Keung
Mr. John WONG Yik Chung (*Note 2*)

Notes:

1. Mr. Joseph LAM Yuen To was appointed as the Independent Non-executive Director of the Company on 14th August, 2015.
2. Mr. John WONG Yik Chung resigned as the Independent Non-executive Director of the Company on 14th August, 2015.

During the year, Mr. John WONG Yik Chung resigned as the Independent Non-executive Director of the Company on 14th August, 2015 due to his other engagements. Mr. Joseph LAM Yuen To was appointed as the Independent Non-executive Director of the Company on 14th August, 2015.

In accordance with bye-law 99(A) of the Company's Bye-Laws, Mr. Alvin Leslie LAM Kwing Wai, Madam LAM Kit Woo and Mr. TSANG Siu Hung, 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. Joseph LAM Yuen To 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.

Report of the Directors

DIRECTORS *(Continued)*

The term of appointment of the Independent Non-executive Directors, Mr. Joseph LAM Yuen To, 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, 2016, the service contract had not been terminated by either party.

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT STAFF

1. Directors

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

Alvin Leslie LAM Kwing Wai, aged 71, Chairman of the Company. He holds a Master of Business Administration degree from the University of California, Berkeley, U.S.A. Mr. Lam joined the Group in 1970. 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, the uncle of Mr. Anthony LAM Sai Ho and the father of Madam LAM Sai Mann.

Laurent LAM Kwing Chee, aged 69, 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 and Madam LAM Sai Mann.

Report of the Directors

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT STAFF

(Continued)

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

Anthony LAM Sai Ho, aged 49, 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 holds an Executive Master of Business Administration degree from the City University of Hong Kong. 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 (The Food, Beverages & Tobacco Group). 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, and the cousin of Madam LAM Sai Mann.

LAM Kit Woo, aged 70, 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 as executive director in 1991. Madam Lam has extensive experience in banking and trading. Madam Lam also contributes herself to social activities for years. She is the Supervisory Council Member of The Hong Kong Chinese Women's Club. She is also the Honorary President and Council Member 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 and Madam LAM Sai Mann.

LAM Sai Mann, aged 41, Executive Director of the Company. She graduated from Macquarie University in Australia with a Bachelor of Commerce degree and holds a Master of Commerce degree from the University of Sydney in Australia. Madam Lam has extensive professional experience in operation and management of catering business. Madam Lam is the daughter of Mr. Alvin Leslie LAM Kwing Wai, the niece of Mr. Laurent LAM Kwing Chee and Madam LAM Kit Woo, and the cousin of Mr. Anthony LAM Sai Ho.

TSANG Siu Hung, aged 61, 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.

Report of the Directors

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT STAFF

(Continued)

1. Directors (Continued)

Joseph LAM Yuen To, aged 50, graduated from University of New South Wales, Australia with a Bachelor's degree in Commerce (with Merit) and University of London, United Kingdom with Bachelor's degree in Law (Hons). Mr. Lam is a member of the Australian Society of Certified Public Accountants and member of the Hong Kong Institute of Certified Public Accountants. Mr. Lam has extensive experience in tax field audits, handling tax dispute cases in Hong Kong and PRC cross-border tax issues. He also provides services in Hong Kong and PRC tax health check on merger and acquisition assignments and initial public offering assignments.

Michael YU Tat Chi, aged 51, 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 many years of experience in accounting, corporate finance and asset management. He had held senior management positions in listed companies in Hong Kong. Mr. Yu was appointed as an Independent Non-executive Director of EVOG Intelligent Technology Company Limited (a listed company in Hong Kong, stock code: 2308) on 30th May, 2016.

Ronald YAN Mou Keung, aged 61, 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 Stopping Quick Cash Crime and Cyber Crime). He has been redesignated as the Convenor and the Chairman of Yau Tsim Mong "No-drug" Alliance Steering Committee.

2. Senior Management

The six 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, 2016, 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)	0.43%
Madam LAM Sai Mann	—	—	82,771,000	82,771,000 (Note 3)	4.88%
Mr. TSANG Siu Hung	2,500,000	—	—	2,500,000	0.15%

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.
- These 82,771,000 shares are held by Joint Success Limited, a company which is wholly-owned by Madam LAM Sai Mann, 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.

(d) Share options

Name of director	Capacity	Number of options held	Number of underlying shares
Mr. TSANG Siu Hung	Beneficial owner	2,500,000	2,500,000

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".

Report of the Directors

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

Long positions (Continued)

Save as disclosed above, as at 31st March, 2016, none of the Directors nor their associates of the Company had or was deemed to have any interest or short positions in the shares or underlying shares of the Company or any of its associated corporations as recorded in the register that required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

SHARE OPTIONS GRANTED TO DIRECTORS AND EMPLOYEES

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

During the year ended 31st March, 2016, 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, 2015	Granted during the year	Exercised during the year	Balance outstanding at 31st March, 2016
Director							
Mr. TSANG Siu Hung	13th October, 2011	13th October, 2011 — 25th August, 2018 (Note 2)	0.41	2,500,000	—	—	2,500,000
Total				2,500,000	—	—	2,500,000
Employees							
	13th October, 2011	13th October, 2011 — 25th August, 2018 (Note 3)	0.41	4,000,000	—	—	4,000,000
	21st December, 2011	21st December, 2011 — 25th August, 2018 (Note 3)	0.376	6,000,000	—	3,000,000	3,000,000
Total				10,000,000	—	3,000,000	7,000,000
Grand total				12,500,000	—	3,000,000	9,500,000

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 27 to the financial statements, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate and neither the Directors nor the Chief Executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company.

SHARES ISSUED

For the year ended 31st March, 2016, the Company issued 3,000,000 ordinary shares under the share option scheme which were exercised at HK\$0.376 per ordinary share with total consideration of HK\$1,128,000 received by the Company. Details of the Company's share option scheme are set out in note 27 to the financial statements.

Report of the Directors

RELATED PARTY TRANSACTIONS

Details of the related party transactions entered into by the Group during the year are set out in note 34 to the financial statements.

CONNECTED TRANSACTIONS

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

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

MATERIAL TRANSACTION

Acquisition of property

On 18th January, 2016, an indirect wholly-owned subsidiary of the Company entered into a provisional agreement with an independent third party to acquire a commercial property situated in Hong Kong for cash consideration of HK\$61,500,000 (“the Property”). The consideration was determined after arm’s length negotiations with reference to the market value of comparable properties in the proximity of the Property. The acquisition was completed in April 2016 and funded by internal resources of the Group. The Property is held by the Group for long-term investment purpose.

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.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

DIRECTORS’ INTERESTS IN COMPETING BUSINESS

As of 31st March, 2016, none of the Directors, the substantial shareholders or their respective close associates (as defined under the Listing Rules) had held any position or had any interest in any businesses or companies that were or might be materially, either directly or indirectly, competing with the business of the Group, or gave rise to any concern regarding conflict of interests during the year ended 31st March, 2016.

CORPORATE GOVERNANCE

The Company had complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the year ended 31st March, 2016.

Details of the Company’s corporate governance practices are set out in the Corporate Governance Report on pages 7 to 21 of this annual report.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2016, 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 (Note 1)	Approximate percentage of the issued share capital of the Company
Yuen Loong International Limited (“Yuen Loong”)	548,052,026	32.34% (Note 2)
Chelsey Developments Ltd. (“Chelsey”)	252,240,000	14.89% (Note 2)

Notes:

1. These shares represent long positions.
2. Mr. Alvin Leslie LAM Kwing Wai, a Director of the Company, is personally interested in approximately 4% of the issued share capital of each of Yuen Loong and Chelsey and 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 18% 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 13% 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, 2016, 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\$258 million and outstanding bank loans amounted to approximately HK\$7 million as at 31st March, 2016.

With cash and other current assets of approximately HK\$946 million as at 31st March, 2016 as well as available banking facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

As at 31st March, 2016, the Group's debt-to-equity ratio, calculated as total debts divided by shareholders' equity, was approximately 0.6%.

NET ASSET VALUE

The net asset value of the Group as at 31st March, 2016 was HK\$0.73 per share based on 1,694,406,458 shares in issue as at that date.

EMPLOYEES AND REMUNERATION POLICY

The total number of employees for the Group is about 1,780.

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, 2016, the five largest customers of the Group accounted for approximately 44% by value of the Group's revenue and the five largest suppliers accounted for approximately 64% by value of the Group's total purchases. Approximately 20% of the Group's revenue and approximately 25% 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 Directors (Mr. Anthony LAM Sai Ho and Madam LAM Sai Mann) 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

AUDITOR

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

Anthony LAM Sai Ho
Managing Director

Hong Kong, 30th June, 2016

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
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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 39 to 118, which comprise the consolidated statement of financial position as at 31st March, 2016, 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 financial position of the Group as at 31st March, 2016 and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLM CPA Limited

Certified Public Accountants

Ng Fai Fiona

Practising Certificate Number P4986

Hong Kong, 30th June, 2016

Consolidated Statement of Profit or Loss

For the year ended 31st March, 2016

	Notes	2016 HK\$'000	2015 HK\$'000
REVENUE	5	1,013,784	1,014,003
Cost of sales		(698,408)	(700,776)
GROSS PROFIT		315,376	313,227
Net unrealized (loss)/gain on financial assets at fair value through profit or loss		(28,352)	17,683
(Deficit)/surplus on revaluation of investment properties		(3,180)	6,643
Net other (loss)/income	7	(13,672)	37,043
Selling and distribution costs		(119,110)	(88,136)
Administrative expenses		(149,921)	(149,629)
Impairment loss on available-for-sale investments	16	(54,931)	(12,484)
Write-back of impairment loss on loan receivable		18,541	—
(LOSS)/PROFIT FROM OPERATIONS		(35,249)	124,347
Finance costs	8	(125)	(116)
Share of results of associates		5,541	6,346
Gain on disposal of an associate classified as asset held for sale		—	35,350
(LOSS)/PROFIT BEFORE TAXATION	8	(29,833)	165,927
Taxation	9	(17,313)	(22,995)
(LOSS)/PROFIT FOR THE YEAR		(47,146)	142,932
(Loss)/profit attributable to:			
Shareholders of the Company		(45,762)	143,016
Non-controlling interests		(1,384)	(84)
		(47,146)	142,932
(LOSS)/EARNINGS PER SHARE	11		
— Basic		HK(2.7) cents	HK8.5 cents
— Diluted		HK(2.7) cents	HK8.5 cents

Consolidated Statement of Comprehensive Income

For the year ended 31st March, 2016

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
(LOSS)/PROFIT FOR THE YEAR	(47,146)	142,932
OTHER COMPREHENSIVE LOSS		
Items to be reclassified to profit or loss in subsequent periods:		
Deficit on revaluation of available-for-sale investments	(27)	(35)
Exchange differences on translation of foreign operations	(5,058)	(1,038)
Share of other comprehensive loss of associates	(5,723)	(3,325)
Other comprehensive loss for the year, net of tax	(10,808)	(4,398)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	(57,954)	138,534
Total comprehensive (loss)/income attributable to:		
Shareholders of the Company	(55,570)	138,648
Non-controlling interests	(2,384)	(114)
	(57,954)	138,534

Consolidated Statement of Financial Position

At 31st March, 2016

	Notes	2016 HK\$'000	2015 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	106,747	94,972
Investment properties	13	79,760	82,940
Intangible asset	14	23,904	25,303
Interests in associates	15	152,302	153,025
Available-for-sale investments	16	31,626	31,653
Prepaid lease payments	17	16,086	16,781
		410,425	404,674
CURRENT ASSETS			
Inventories	18	139,361	160,526
Trade debtors	19	91,863	96,304
Other debtors, deposits and prepayments	20	62,755	52,537
Available-for-sale investments	16	15,072	83,021
Financial assets at fair value through profit or loss	21	375,649	453,660
Derivative financial instruments	22	2,549	—
Cash and cash equivalents		258,755	177,813
		946,004	1,023,861
CURRENT LIABILITIES			
Trade creditors	23	36,716	16,890
Other creditors and accruals		35,137	28,068
Bank loans	24	7,755	7,755
Tax liabilities		22,707	24,134
		102,315	76,847
NET CURRENT ASSETS		843,689	947,014
TOTAL ASSETS LESS CURRENT LIABILITIES		1,254,114	1,351,688
NON-CURRENT LIABILITIES			
Deferred tax liabilities	25	1,783	1,864
		1,252,331	1,349,824

Consolidated Statement of Financial Position

At 31st March, 2016

	Notes	2016 HK\$'000	2015 <i>HK\$'000</i>
CAPITAL AND RESERVES			
Share capital	26	169,441	169,141
Reserves	29	1,066,477	1,161,832
<hr/>			
Shareholders' equity		1,235,918	1,330,973
Non-controlling interests		16,413	18,851
<hr/>			
		1,252,331	1,349,824
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The financial statements on pages 39 to 118 were approved and authorised for issue by the Board of Directors on 30th June, 2016 and are signed on its behalf by:

Laurent LAM Kwing Chee
Vice Chairman

Anthony LAM Sai Ho
Managing Director

Consolidated Statement of Changes in Equity

For the year ended 31st March, 2016

	Shareholders' equity										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	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
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
Profit for the year	—	—	—	—	—	—	—	—	—	—	143,016	143,016	(84)	142,932
Other comprehensive loss for the year:														
Deficit on revaluation of available-for-sale investments	—	—	—	(35)	—	—	—	—	—	—	—	(35)	—	(35)
Exchange adjustments	—	—	—	—	—	(1,008)	—	—	—	—	—	(1,008)	(30)	(1,038)
Share of reserve movements of associates	—	—	—	—	—	(3,202)	—	—	(123)	—	—	(3,325)	—	(3,325)
	—	—	—	(35)	—	(4,210)	—	—	(123)	—	—	(4,368)	(30)	(4,398)
Total comprehensive income for the year	—	—	—	(35)	—	(4,210)	—	—	(123)	—	143,016	138,648	(114)	138,534
Eliminated on disposal of an associate classified as asset held for sale	—	—	—	—	—	—	(21,915)	—	—	—	—	(21,915)	—	(21,915)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	(148)	(148)
Equity-settled share-based payment expense	—	—	—	—	—	—	—	61	—	—	—	61	—	61
Issue of shares upon exercise of share options	450	1,657	—	—	—	—	—	(262)	—	—	—	1,845	—	1,845
Prior year final dividend paid	—	—	—	—	—	—	—	—	(20,243)	—	—	(20,243)	—	(20,243)
Interim dividend paid	—	—	—	—	—	—	—	—	—	(20,297)	—	(20,297)	—	(20,297)
Final dividend proposed for the year ended 31st March, 2015	—	—	—	—	—	—	—	—	—	20,333	(20,333)	—	—	—
At 31st March, 2015	169,141	451,197	515	(1,175)	5,128	38,735	—	621	124	20,333	646,354	1,330,973	18,851	1,349,824

Consolidated Statement of Changes in Equity

For the year ended 31st March, 2016

	Shareholders' equity (Continued)										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 reserve HK\$'000	Dividend reserve HK\$'000	Retained earnings HK\$'000			Total shareholders' equity HK\$'000
At 31st March, 2015	169,141	451,197	515	(1,175)	5,128	38,735	621	124	20,333	646,354	1,330,973	18,851	1,349,824
Loss for the year	—	—	—	—	—	—	—	—	—	(45,762)	(45,762)	(1,384)	(47,146)
Other comprehensive loss for the year:													
Deficit on revaluation of available-for-sale investments	—	—	—	(27)	—	—	—	—	—	—	(27)	—	(27)
Exchange adjustments	—	—	—	—	—	(4,058)	—	—	—	—	(4,058)	(1,000)	(5,058)
Share of reserve movements of associates	—	—	—	—	—	(3,190)	—	(2,533)	—	—	(5,723)	—	(5,723)
	—	—	—	(27)	—	(7,248)	—	(2,533)	—	—	(9,808)	(1,000)	(10,808)
Total comprehensive loss for the year	—	—	—	(27)	—	(7,248)	—	(2,533)	—	(45,762)	(55,570)	(2,384)	(57,954)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(54)	(54)
Equity-settled share-based payment expense	—	—	—	—	—	—	53	—	—	—	53	—	53
Issue of shares upon exercise of share options	300	976	—	—	—	—	(148)	—	—	—	1,128	—	1,128
Prior year final dividend paid	—	—	—	—	—	—	—	—	(20,333)	—	(20,333)	—	(20,333)
Interim dividend paid	—	—	—	—	—	—	—	—	—	(20,333)	(20,333)	—	(20,333)
Final dividend proposed for the year ended 31st March, 2016	—	—	—	—	—	—	—	—	20,333	(20,333)	—	—	—
At 31st March, 2016	169,441	452,173	515	(1,202)	5,128	31,487	526	(2,409)	20,333	559,926	1,235,918	16,413	1,252,331

Shareholders' equity of the Group represents share capital amounting to approximately HK\$169,441,000 (2015: HK\$169,141,000) and reserves amounting to approximately HK\$1,066,477,000 (2015: HK\$1,161,832,000).

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, 2016

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
OPERATING ACTIVITIES		
(Loss)/profit before taxation	(29,833)	165,927
Adjustments for:		
Interest income	(9,228)	(19,219)
Finance costs	125	116
Dividend income from investments in securities	(3,904)	(4,005)
Depreciation and amortisation of property, plant and equipment	19,060	15,472
Amortisation of prepaid lease payments	529	533
Amortisation of intangible asset	1,399	1,400
Net loss/(gain) on disposal of property, plant and equipment	478	(540)
Share of results of associates	(5,541)	(6,346)
Deficit/(surplus) on revaluation of investment properties	3,180	(6,643)
Bad debts written off	533	547
Equity-settled share-based payment expense	53	61
Impairment loss on available-for-sale investments	54,931	12,484
Gain on disposal of an associate classified as asset held for sale	—	(35,350)
Operating cash flows before movements in working capital	31,782	124,437
Decrease/(increase) in available-for-sale investments	12,029	(49,313)
Decrease/(increase) in financial assets at fair value through profit or loss	77,914	(123,880)
Decrease/(increase) in inventories	20,145	(27,224)
Decrease in trade debtors	2,925	11,625
(Increase)/decrease in other debtors, deposits and prepayments	(13,515)	36,986
Increase in derivative financial instruments	(2,549)	—
Increase in trade creditors	20,461	9,295
Increase in other creditors and accruals	7,623	6,555
Cash generated from/(used in) operations	156,815	(11,519)
Hong Kong Profits Tax paid	(16,714)	(21,976)
Hong Kong Profits Tax refunded	189	334
Income tax in other jurisdiction paid	(524)	(2,712)
Income tax in other jurisdiction refunded	19	—
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	139,785	(35,873)

Consolidated Statement of Cash Flows

For the year ended 31st March, 2016

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
INVESTING ACTIVITIES		
Interest received	9,715	20,128
Dividend received from investments in securities	3,904	4,005
Dividend received from associates	712	1,327
Advances to associates	(171)	(2,986)
Purchases of property, plant and equipment	(32,835)	(26,531)
Proceeds from disposal of property, plant and equipment	841	636
Decrease/(increase) in pledged cash balance	3,715	(6,807)
Purchases of available-for-sale investments	—	(85)
Proceeds from disposal of available-for-sale investments	—	1,652
Proceeds from disposal of an associate classified as asset held for sale	—	99,874
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(14,119)	91,213
FINANCING ACTIVITIES		
Dividends paid	(40,666)	(40,540)
Dividends paid to non-controlling interests	(54)	(148)
Interest paid	(125)	(116)
Proceeds from issue of shares	1,128	1,845
NET CASH USED IN FINANCING ACTIVITIES	(39,717)	(38,959)
NET INCREASE IN CASH AND CASH EQUIVALENTS	85,949	16,381
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	161,200	145,355
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(1,292)	(536)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	245,857	161,200
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Time deposits, bank balances and cash (including pledged cash balance)	258,755	177,813
Less: Pledged cash and cash equivalents	(12,898)	(16,613)
	245,857	161,200

Notes to the Financial Statements

For the year ended 31st March, 2016

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, operation of convenience stores, securities investment, property investment, operation of restaurants and investment holding.

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

In the current year, the Group has adopted the following new or revised standards and amendments (the “new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are or have become effective for the Group’s financial year beginning on 1st April, 2015:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle
HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions

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.

Notes to the Financial Statements

For the year ended 31st March, 2016

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

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

HKFRS 9	Financial Instruments ³
HKFRS 15 (Revised)	Revenue from Contracts with Customers ³
HKFRS 16	Leases ⁴
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle ¹
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception ¹
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
HKFRS 11 (Amendments)	Accounting for Acquisition of Interests in Joint Operations ¹
HKAS 1 (Amendments)	Disclosure Initiative ¹
HKAS 7 (Amendments)	Disclosure Initiative ²
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses ²
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants ¹
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements ¹

¹ Effective for annual periods beginning on or after 1st January, 2016, with earlier application permitted

² Effective for annual periods beginning on or after 1st January, 2017, with earlier application permitted

³ Effective for annual periods beginning on or after 1st January, 2018, with earlier application permitted

⁴ Effective for annual periods beginning on or after 1st January, 2019, with earlier application permitted

⁵ The effective date has been deferred to a date yet to be determined

Notes to the Financial Statements

For the year ended 31st March, 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange and the Hong Kong Companies Ordinance (“CO”). A summary of the significant accounting policies adopted by the Group is set out below.

The provision of the new CO (Cap. 622) regarding preparation of accounts and directors’ report and audits became effective for the Company for the financial year ended 31st March, 2016. Furthermore, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly, the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31st March, 2016 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31st March, 2015 is presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules is not disclosed in these consolidated financial statements.

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’s consolidated financial statements for the current and prior accounting periods.

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, 2016

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.

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.

Notes to the Financial Statements

For the year ended 31st March, 2016

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

Basis of consolidation *(Continued)*

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 in line with those used by other members of the Group.

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

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.

Notes to the Financial Statements

For the year ended 31st March, 2016

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

Changes in the Group's ownership interests in existing subsidiaries *(Continued)*

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 values, 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;
- 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.

Notes to the Financial Statements

For the year ended 31st March, 2016

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

Business combinations *(Continued)*

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 values 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.

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.

Notes to the Financial Statements

For the year ended 31st March, 2016

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

Business combinations *(Continued)*

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 periods.

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 the relevant cash-generating unit, the attributable amount of goodwill previously capitalised is included in the determination of the profit or loss on disposal.

Notes to the Financial Statements

For the year ended 31st March, 2016

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

Goodwill *(Continued)*

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. Gain on bargain purchase arising on an acquisition of a subsidiary is recognised immediately in the consolidated statement of profit or loss on the acquisition date.

Revenue recognition

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

Investments in subsidiaries

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

Interests in associates

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

The results and assets and liabilities of associates are incorporated in the Group's financial statements using the equity method of accounting 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, an investment in associates is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the associate. 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.

Notes to the Financial Statements

For the year ended 31st March, 2016

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

Interests in associates *(Continued)*

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.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts 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 carrying amounts and fair values less costs to sell.

Notes to the Financial Statements

For the year ended 31st March, 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, 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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Property, plant and equipment

Property, plant and equipment are stated at historical 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.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Notes to the Financial Statements

For the year ended 31st March, 2016

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

Prepaid lease payments

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

Impairment of tangible and intangible assets other than goodwill

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

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

Intangible asset (other than goodwill)

Separately acquired intangible asset other than goodwill is measured initially at historical cost or, if acquired in a business combination, at fair value at the 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. Amortisation is charged to the consolidated statement of profit or loss.

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 carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. 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, 2016

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 which are traded in active market are measured at fair value in each reporting period, 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.

Available-for-sale investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of the reporting period.

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.

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.

Notes to the Financial Statements

For the year ended 31st March, 2016

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

Financial guarantee contracts

A financial guarantee contract is a contract that requires the Group 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 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 best estimate of the amount required to settle the guarantee; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation over the life of the guarantee on a straight-line basis.

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 and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset/liability, or, where appropriate, a shorter period. Income/expense is recognised on an effective interest basis for financial asset/liability.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair values at the end of each reporting period. The resulting gain or loss is recognised in the 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.

Notes to the Financial Statements

For the year ended 31st March, 2016

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 if that person
 - (i) has control or joint control of 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 related to the Group 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 an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Inventories

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

Notes to the Financial Statements

For the year ended 31st March, 2016

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at 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 on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and
- exchange differences on monetary items receivable from or payable to foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollar) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Notes to the Financial Statements

For the year ended 31st March, 2016

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

Foreign currencies *(Continued)*

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

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 of income or expense that are taxable or deductible in other years and 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 financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with 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.

Notes to the Financial Statements

For the year ended 31st March, 2016

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

Taxation *(Continued)*

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. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also dealt with in equity.

Retirement benefits costs

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

Equity-settled share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. 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 original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, 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 to 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

Payments made under operating leases (net of any incentives received from the lessors) are charged to profit or loss on a straight-line basis over the relevant lease terms.

Notes to the Financial Statements

For the year ended 31st March, 2016

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

Cash and cash equivalents

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Allowance for impairment of doubtful debts

The Group's provision policy for bad and doubtful debts is based on the evaluation of collectability and aging analysis of accounts and on Management's judgement. A considerable amount of judgement is required in assessing the ultimate realization of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their abilities to make payments, additional allowance may be required. As at 31st March, 2016, the carrying amount of trade debtors was approximately HK\$91,863,000 (2015: HK\$96,304,000) (net of allowance for impairment of doubtful debts of approximately HK\$481,000 (2015: HK\$118,000)).

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, 2016

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

Fair values of financial instruments

Financial instruments, including available-for-sale investments, financial assets at fair value through profit or loss and derivative financial instruments, 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. REVENUE

Revenue 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:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Rice sales	809,921	881,822
Sales from operation of convenience stores	199,527	113,391
Rental income from investment properties	2,498	2,574
Sales from operation of restaurants	1,838	16,216
	1,013,784	1,014,003

Notes to the Financial Statements

For the year ended 31st March, 2016

6. SEGMENT INFORMATION

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

Principal activities are as follows:

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

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.

Notes to the Financial Statements

For the year ended 31st March, 2016

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, 2016

	Rice operation	Convenience store operation	Securities investment	Property investment	Corporate and others	Total	Inter-segment elimination	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE								
External sales	809,921	199,527	—	2,498	1,838	1,013,784	—	1,013,784
Inter-segment sales	5	—	—	—	—	5	(5)	—
Total sales	809,926	199,527	—	2,498	1,838	1,013,789	(5)	1,013,784
RESULT								
Segment results	97,446	(43,658)	(104,828)	(2,676)	18,467			(35,249)
Finance costs								(125)
Share of results of associates	(106)	—	—	(557)	6,204			5,541
Loss before taxation								(29,833)
Taxation								(17,313)
Loss for the year								(47,146)
Loss attributable to:								
Shareholders of the Company								(45,762)
Non-controlling interests								(1,384)
								(47,146)

Notes to the Financial Statements

For the year ended 31st March, 2016

6. SEGMENT INFORMATION (Continued)

Operating segments (Continued)

Segment assets and liabilities as at 31st March, 2016

	Rice operation HK\$'000	Convenience store operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
ASSETS						
Segment assets	258,483	108,593	396,693	163,081	277,277	1,204,127
Interests in associates	12,920	—	—	85,703	53,679	152,302
Consolidated total assets						<u>1,356,429</u>
LIABILITIES						
Segment liabilities	32,724	35,813	1	572	2,743	71,853
Unallocated corporate liabilities						<u>32,245</u>
Consolidated total liabilities						<u>104,098</u>

Notes to the Financial Statements

For the year ended 31st March, 2016

6. SEGMENT INFORMATION *(Continued)*

Operating segments *(Continued)*

Other information for the year ended 31st March, 2016

	Rice operation	Convenience store operation	Securities investment	Property investment	Corporate and others	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Additions to property, plant and equipment	6,846	25,989	—	—	—	32,835
Depreciation and amortisation of property, plant and equipment	(5,808)	(11,742)	—	(1,497)	(13)	(19,060)
Amortisation of prepaid lease payments	(524)	—	—	(5)	—	(529)
Amortisation of intangible asset	—	(1,399)	—	—	—	(1,399)
Deficit on revaluation of investment properties	—	—	—	(3,180)	—	(3,180)
Net unrealized loss on financial assets at fair value through profit or loss	—	—	(28,352)	—	—	(28,352)
Bad debts written off	(533)	—	—	—	—	(533)

Notes to the Financial Statements

For the year ended 31st March, 2016

6. SEGMENT INFORMATION (Continued)

Operating segments (Continued)

Statement of profit or loss for the year ended 31st March, 2015

	Convenience					Total HK\$'000	Inter- segment elimination HK\$'000	Consolidated HK\$'000
	Rice operation HK\$'000	store operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000			
REVENUE								
External sales	881,822	113,391	—	2,574	16,216	1,014,003	—	1,014,003
Inter-segment sales	98	—	—	—	—	98	(98)	—
Total sales	881,920	113,391	—	2,574	16,216	1,014,101	(98)	1,014,003
RESULT								
Segment results	120,307	(37,081)	36,034	7,095	(2,008)			124,347
Finance costs								(116)
Share of results of associates	(50)	—	—	1,469	4,927			6,346
Gain on disposal of an associate classified as asset held for sale	—	—	—	—	35,350			35,350
Profit before taxation								165,927
Taxation								(22,995)
Profit for the year								142,932
Profit attributable to:								
Shareholders of the Company								143,016
Non-controlling interests								(84)
								142,932

Notes to the Financial Statements

For the year ended 31st March, 2016

6. SEGMENT INFORMATION (Continued)

Operating segments (Continued)

Segment assets and liabilities as at 31st March, 2015

	Rice operation HK\$'000	Convenience store operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
ASSETS						
Segment assets	293,703	81,092	543,379	156,387	200,949	1,275,510
Interests in associates	13,576	—	—	90,594	48,855	153,025
Consolidated total assets						<u>1,428,535</u>
LIABILITIES						
Segment liabilities	26,386	14,975	2	619	2,976	44,958
Unallocated corporate liabilities						<u>33,753</u>
Consolidated total liabilities						<u>78,711</u>

Notes to the Financial Statements

For the year ended 31st March, 2016

6. SEGMENT INFORMATION (Continued)

Operating segments (Continued)

Other information for the year ended 31st March, 2015

	Rice operation HK\$'000	Convenience store operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
Additions to property, plant and equipment	6,801	19,463	—	200	67	26,531
Depreciation and amortisation of property, plant and equipment	(6,097)	(7,782)	—	(1,500)	(93)	(15,472)
Amortisation of prepaid lease payments	(527)	—	—	(6)	—	(533)
Amortisation of intangible asset	—	(1,400)	—	—	—	(1,400)
Surplus on revaluation of investment properties	—	—	—	6,643	—	6,643
Net unrealized gain on financial assets at fair value through profit or loss	—	—	17,683	—	—	17,683
Bad debts written off	(547)	—	—	—	—	(547)

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:

	Revenue by geographical markets	
	2016 HK\$'000	2015 HK\$'000
Hong Kong	728,019	796,506
Elsewhere in the PRC	72,470	89,520
Vietnam	199,527	113,391
Others	13,768	14,586
	1,013,784	1,014,003

Notes to the Financial Statements

For the year ended 31st March, 2016

6. SEGMENT INFORMATION (Continued)

Geographical segments (Continued)

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	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Hong Kong	193,547	193,425	6,571	7,025
Elsewhere in the PRC	12,402	13,026	275	43
Vietnam	71,187	57,682	25,989	19,463
Others	101,663	108,888	—	—
	378,799	373,021	32,835	26,531

Information about major customers

For the year ended 31st March, 2016, approximately HK\$309,870,000 (2015: HK\$322,627,000) of the Group's revenue was derived from two (2015: two) external customers from rice operation, representing approximately 31% (2015: 32%) of the total revenue. No other single customer contributed 10% or more to the Group's revenue.

Notes to the Financial Statements

For the year ended 31st March, 2016

7. NET OTHER (LOSS)/INCOME

	2016	2015
	HK\$'000	HK\$'000
Interest income on:		
— Financial assets at fair value through profit or loss	6,166	10,361
— Financial assets not designated as at fair value through profit or loss	3,062	8,858
	9,228	19,219
Dividend from:		
— Listed available-for-sale investments	143	106
— Unlisted available-for-sale investments	—	308
— Listed financial assets at fair value through profit or loss	3,761	3,591
	3,904	4,005
Net realized gain on disposals of financial assets at fair value through profit or loss	174	4,067
Net realized (loss)/gain on derivative financial instruments	(32,953)	10,415
Net unrealized gain on derivative financial instruments	2,549	—
Net (loss)/gain on disposal of property, plant and equipment	(478)	540
Net foreign exchange loss	(1,996)	(4,271)
Sundry income	5,900	3,068
	(13,672)	37,043

Notes to the Financial Statements

For the year ended 31st March, 2016

8. (LOSS)/PROFIT BEFORE TAXATION

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Auditor's remuneration		
Current year	629	569
Underprovision in prior years	57	59
	686	628
Depreciation and amortisation of property, plant and equipment	19,060	15,472
Amortisation of prepaid lease payments	529	533
Amortisation of intangible asset	1,399	1,400
Operating lease rentals in respect of rented premises	27,849	23,489
Bad debts written off	533	547
Cost of inventories recognised as expense	658,023	654,256
Staff costs	132,231	117,117
Equity-settled share-based payment expense	53	61
Interests on bank loans wholly repayable within five years	125	113
Interests on other loans	—	3
	125	116
Rental income from investment properties	(2,498)	(2,574)
Less: Outgoings associated with rental income	122	158
	(2,376)	(2,416)
Net loss/(gain) on disposal of property, plant and equipment	478	(540)

Notes to the Financial Statements

For the year ended 31st March, 2016

9. TAXATION

	2016	2015
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	16,829	20,706
Other regions in the PRC	66	1,617
	16,895	22,323
Underprovision/(overprovision) in prior years:		
Hong Kong	538	61
Other regions in the PRC	(39)	498
	499	559
Deferred tax (<i>Note 25</i>):		
Current year's (credit)/charge	(81)	113
Taxation attributable to the Company and its subsidiaries	17,313	22,995

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, 2016

9. TAXATION (Continued)

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
(Loss)/profit before taxation	(29,833)	165,927
Tax at the domestic income tax rate of 16.5% (Note)	(4,923)	27,378
Tax effect of expenses not deductible for tax purpose	16,946	4,384
Tax effect of income not taxable for tax purpose	(4,789)	(11,686)
Underprovision in respect of prior years	499	559
Tax effect of tax losses/deferred tax assets not recognised	13,912	7,567
Tax effect of utilisation of tax losses/deferred tax assets not previously recognised	(298)	(2,388)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(2,991)	(1,533)
Tax effect of share of results of associates	(914)	(1,047)
Others	(129)	(239)
Taxation for the year	17,313	22,995

Note:

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

10. DIVIDENDS

(a) Dividends attributable to the year:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interim dividend paid of HK1.2 cents per share on 1,694,406,458 shares (2015: HK1.2 cents per share on 1,691,406,458 shares)	20,333	20,297
Final dividend proposed of HK1.2 cents per share on 1,694,406,458 shares (2015: HK1.2 cents per share on 1,694,406,458 shares)	20,333	20,333
	40,666	40,630

The final dividend of HK1.2 cents per share for the year ended 31st March, 2016 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.

Notes to the Financial Statements

For the year ended 31st March, 2016

10. DIVIDENDS (Continued)

(b) Dividends approved and paid during the year:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HK1.2 cents per share on 1,694,406,458 shares (2015: HK1.2 cents per share on 1,686,906,458 shares)	20,333	20,243
Interim dividend in respect of the current financial year, approved and paid during the year, of HK1.2 cents per share on 1,694,406,458 shares (2015: HK1.2 cents per share on 1,691,406,458 shares)	20,333	20,297
	40,666	40,540

11. (LOSS)/EARNINGS PER SHARE

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
(Loss)/earnings for the purpose of basic and diluted (loss)/earnings per share	(45,762)	143,016
	2016	2015
Number of shares:		
Weighted average number of shares for the purpose of basic (loss)/earnings per share	1,694,133,234	1,688,348,924
Effect of dilutive potential ordinary shares:		
Share options	—	1,931,412
Weighted average number of shares for the purpose of diluted (loss)/earnings per share	1,694,133,234	1,690,280,336

Note:

The basic loss per share and diluted loss per share are the same for the year ended 31st March, 2016. The effect of any incremental shares from the assumed exercise of the Company's share options outstanding as at 31st March, 2016 would be anti-dilutive and was not included in the calculation of diluted loss per share.

Diluted earnings per share for last year ended 31st March, 2015 was calculated by adjusting the weighted average number of ordinary shares to assume conversion of all dilutive potential ordinary shares. There was no significant dilutive effect for last year.

Notes to the Financial Statements

For the year ended 31st March, 2016

12. PROPERTY, PLANT AND EQUIPMENT For the year ended 31st March, 2016

	Land and buildings HK\$'000	Factory premises in elsewhere in the PRC HK\$'000	Furniture, fixtures and equipment HK\$'000	Plant and machinery HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
COST						
At 1st April, 2015	107,211	16,055	91,673	115,797	10,310	341,046
Additions	—	—	27,772	1,774	3,289	32,835
Disposals/written off	—	—	(3,782)	(820)	(2,551)	(7,153)
Exchange rate adjustments	—	(679)	(1,261)	(1,013)	(142)	(3,095)
At 31st March, 2016	107,211	15,376	114,402	115,738	10,906	363,633
DEPRECIATION, AMORTISATION AND IMPAIRMENT						
At 1st April, 2015	60,762	16,055	56,989	106,032	6,236	246,074
Provided for the year	2,522	—	12,578	1,987	1,973	19,060
Eliminated on disposals/ written off	—	—	(3,514)	(219)	(2,101)	(5,834)
Exchange rate adjustments	—	(679)	(601)	(1,011)	(123)	(2,414)
At 31st March, 2016	63,284	15,376	65,452	106,789	5,985	256,886
CARRYING AMOUNT						
At 31st March, 2016	43,927	—	48,950	8,949	4,921	106,747

Notes to the Financial Statements

For the year ended 31st March, 2016

12. PROPERTY, PLANT AND EQUIPMENT (Continued) For the year ended 31st March, 2015

	Land and buildings HK\$'000	Factory premises in elsewhere in the PRC HK\$'000	Furniture, fixtures and equipment HK\$'000	Plant and machinery HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
COST						
At 1st April, 2014	107,211	16,075	74,308	112,786	11,376	321,756
Additions	—	—	20,759	3,990	1,782	26,531
Disposals/written off	—	—	(2,581)	(949)	(2,837)	(6,367)
Exchange rate adjustments	—	(20)	(813)	(30)	(11)	(874)
At 31st March, 2015	107,211	16,055	91,673	115,797	10,310	341,046
DEPRECIATION, AMORTISATION AND IMPAIRMENT						
At 1st April, 2014	57,508	16,075	51,031	104,881	7,716	237,211
Provided for the year	3,254	—	8,764	2,130	1,324	15,472
Eliminated on disposals/ written off	—	—	(2,522)	(949)	(2,800)	(6,271)
Exchange rate adjustments	—	(20)	(284)	(30)	(4)	(338)
At 31st March, 2015	60,762	16,055	56,989	106,032	6,236	246,074
CARRYING AMOUNT						
At 31st March, 2015	46,449	—	34,684	9,765	4,074	94,972

The carrying amount of properties shown above comprises:

	2016 HK\$'000	2015 HK\$'000
Land and buildings situated in Hong Kong:		
Held under long lease	32,243	33,192
Held under medium-term lease	3,984	4,199
Freehold land and building situated outside Hong Kong	3,040	3,127
Building situated in Hong Kong	2,056	3,150
Building situated outside Hong Kong	2,604	2,781
	43,927	46,449

Notes to the Financial Statements

For the year ended 31st March, 2016

13. INVESTMENT PROPERTIES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Balance at beginning of the year	82,940	76,297
(Deficit)/surplus on revaluation	(3,180)	6,643
Balance at end of the year	79,760	82,940

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:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Situated in Hong Kong:		
Held under long lease	74,820	78,060
Situated outside Hong Kong:		
Held under medium-term lease	4,940	4,880
Total	79,760	82,940

The investment properties were revalued at 31st March, 2016 on an open market value basis by Dudley Surveyors Limited, independent Chartered Surveyors. The revaluation deficit of HK\$3,180,000 (2015: surplus of HK\$6,643,000) 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.

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, 2016 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, 2016

14. INTANGIBLE ASSET

	Licence	
	2016	2015
	HK\$'000	HK\$'000
COST		
Balance at 1st April and 31st March	31,600	31,600
AMORTISATION		
Balance at 1st April	6,297	4,897
Charge for the year	1,399	1,400
Balance at 31st March	7,696	6,297
CARRYING AMOUNT		
Balance at 31st March	23,904	25,303

The licence represents the exclusive right granted to a wholly-owned subsidiary of the Company to own and operate Circle K Stores 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.

Amortisation of approximately HK\$1,399,000 (2015: HK\$1,400,000) was charged to the consolidated statement of profit or loss.

Notes to the Financial Statements

For the year ended 31st March, 2016

15. INTERESTS IN ASSOCIATES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Unlisted investments:		
Share of net assets (<i>Note a</i>)	54,593	55,487
Goodwill on acquisition (<i>Note b</i>)	507	507
	55,100	55,994
Advances to associates (<i>Note c</i>)	86,158	86,158
Deposits paid for trade purchases	11,044	10,873
	152,302	153,025

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, 2016 and 31st March, 2015, share of losses of associates did not exceed the equity investment.
- (b) The goodwill tested for impairment is allocated to the group of cash-generating unit ("CGU") that constitutes Starland Century Limited. 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, 2016.
- (c) 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.
- (d) The Directors consider that the recoverable amounts of interests in associates approximate their carrying amounts as at 31st March, 2016.

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Balance at beginning and end of the year	507	507

Notes to the Financial Statements

For the year ended 31st March, 2016

15. INTERESTS IN ASSOCIATES (Continued)

Particulars of the Group's principal associates as at 31st March, 2016 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
				2016	2015	
Doublewood Resources Sdn. Bhd.	Incorporated	Malaysia	2 ordinary shares of RM1 each	37.50%	37.50%	Property development and holding
GR Engineering Limited	Incorporated	British Virgin Islands	10,000 ordinary shares of US\$1 each	40.00%	40.00%	Investment holding
Sirinumma Company Limited	Incorporated	Thailand	4,600,000 ordinary shares of Baht 10 each	40.00%	40.00%	Sourcing of rice
Starland Century Limited	Incorporated	Hong Kong	HK\$1,000	37.50%	37.50%	Investment holding
Supreme Development Company Limited (Note)	Incorporated	Hong Kong/ Hong Kong and PRC	HK\$15,001,500	41.16%	41.16%	Manufacturing and sale of plastic bags
Wealthway Resources Sdn. Bhd.	Incorporated	Malaysia	2 ordinary shares of RM1 each	37.50%	37.50%	Property development and holding

Note:

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

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

Notes to the Financial Statements

For the year ended 31st March, 2016

15. INTERESTS IN ASSOCIATES (Continued)

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Non-current assets	<u>24,617</u>	24,983
Current assets	<u>163,456</u>	158,404
Current liabilities	<u>(58,452)</u>	(64,305)
Non-current liabilities	<u>(34)</u>	—
Revenue	<u>395,161</u>	385,544
Profit for the year	15,297	10,987
Other comprehensive (loss)/income for the year	(3,292)	2,641
Total comprehensive income for the year	<u>12,005</u>	13,628
Dividend received from the associate during the year	<u>617</u>	1,235

Reconciliation of the above summarised consolidated financial information to the carrying amount of the interest in Supreme Development Company Limited recognised in the consolidated financial statements:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Net assets of Supreme Development Company Limited	129,587	119,082
Proportion of the Group's ownership interest in Supreme Development Company Limited	41.16%	41.16%
Carrying amount of the Group's interest in Supreme Development Company Limited	<u>53,344</u>	49,019

Notes to the Financial Statements

For the year ended 31st March, 2016

15. INTERESTS IN ASSOCIATES (Continued)

The summarised financial information in respect of the Group's associates that are not individually material as at the end of the reporting period is set out below:

	2016 HK\$'000	2015 <i>HK\$'000</i>
The Group's share of (loss)/profit	(756)	1,824
The Group's share of other comprehensive loss	(4,369)	(4,412)
	<hr/>	<hr/>
The Group's share of total comprehensive loss	(5,125)	(2,588)
	<hr/>	<hr/>
Aggregate carrying amount of the Group's interest in these associates	1,249	6,468

16. AVAILABLE-FOR-SALE INVESTMENTS

	2016 HK\$'000	2015 <i>HK\$'000</i>
Equity securities:		
Listed in Hong Kong, at fair value	1,658	1,685
Unlisted, at cost	29,968	29,968
	<hr/>	<hr/>
	31,626	31,653
	<hr/>	<hr/>
Debt securities:		
Unlisted, at cost	15,072	28,090
	<hr/>	<hr/>
Other unlisted securities, at cost	—	54,931
	<hr/>	<hr/>
	46,698	114,674
	<hr/>	<hr/>
Analysed as:		
Non-current assets	31,626	31,653
Current assets	15,072	83,021
	<hr/>	<hr/>
	46,698	114,674
	<hr/>	<hr/>

Notes to the Financial Statements

For the year ended 31st March, 2016

16. AVAILABLE-FOR-SALE INVESTMENTS (Continued)

The Group's fair values of listed securities of HK\$1,658,000 (2015: HK\$1,685,000) 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\$45,040,000 (2015: HK\$112,989,000) are stated at cost less accumulated impairment losses, if any, as there was no quoted market price in an active market and the range of reasonable fair value estimates for these unlisted securities is significant, 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\$28,090,000 (2015: HK\$21,250,000) were derecognized upon maturity.

The Group invested in several unlisted securities in China amounted to HK\$67,415,000 which were classified under available-for-sale investments ("Unlisted Securities"). The Unlisted Securities defaulted payment on respective maturity dates. Legal proceedings have been taken for the recovery of the Unlisted Securities. After having assessed the recoverability, the Directors of the Group made full impairment on the Unlisted Securities. Impairment loss of HK\$12,484,000 was already charged to the consolidated statement of profit or loss for last year ended 31st March, 2015. Impairment loss for the remaining balance of HK\$54,931,000 was charged to the consolidated statement of profit or loss for current year ended 31st March, 2016.

17. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments, classified as non-current assets, represent prepaid operating lease payments in respect of leasehold land.

	2016	2015
	HK\$'000	HK\$'000
Balance at beginning of the year	16,781	17,319
Charge for the year	(529)	(533)
Exchange rate adjustments	(166)	(5)
	<hr/>	<hr/>
Balance at end of the year	16,086	16,781

Notes to the Financial Statements

For the year ended 31st March, 2016

18. INVENTORIES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
At cost:		
Raw materials	98,002	126,464
Finished goods	35,002	27,069
Consumable stores	6,357	6,993
	139,361	160,526

None of the inventories were carried at net realizable value at the end of the reporting period (2015: Nil).

19. TRADE DEBTORS

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 30 days	47,419	50,834
31-60 days	29,130	29,870
61-90 days	12,673	11,245
Over 90 days	2,641	4,355
	91,863	96,304

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, 2016, trade debtors over 90 days amounted to HK\$2,641,000 (2015: HK\$4,355,000) were past due but not impaired as the balances were relating to debtors with sound repayment history and no recent history of default.

Notes to the Financial Statements

For the year ended 31st March, 2016

19. TRADE DEBTORS (Continued)

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Balance at beginning of the year	118	65
Increase in allowance recognised in consolidated statement of profit or loss	533	547
Amount written off as uncollectible	(170)	(494)
Balance at end of the year	481	118

Included in the allowance for impairment of doubtful debts are individually impaired trade debtors with an aggregate balance of HK\$481,000 (2015: HK\$118,000). For overdue debts, the Group assessed the customers for potential impairment losses based on the past default experience, payment history of the customers and subsequent settlement.

20. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Deposits and prepayments	36,368	20,869
Advances and other receivables	26,387	29,869
Tax reserve certificates	—	1,799
Total	62,755	52,537

Notes to the Financial Statements

For the year ended 31st March, 2016

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Equity securities:		
Listed in Hong Kong	73,683	87,298
Listed outside Hong Kong	18,557	12,222
	<hr/> 92,240	<hr/> 99,520
Debt securities:		
Listed in Hong Kong	51,573	50,300
Listed outside Hong Kong	55,357	49,875
Unlisted	4,358	19,545
	<hr/> 111,288	<hr/> 119,720
Other unlisted securities	172,121	234,420
	<hr/> 375,649	<hr/> 453,660

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.

As at 31st March, 2015, the Group held a currency-linked note with maximum coupon rate of 7.5% per annum. The note was designated at fair value through profit or loss on initial recognition and the fair value at the end of last reporting period of approximately HK\$13,541,000 was included in other unlisted securities. The Group did not hold any currency-linked notes as at 31st March, 2016.

22. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments with fair value of approximately HK\$2,549,000 (2015: Nil) represent outstanding Hang Seng Index Futures contracts as at 31st March, 2016.

Notes to the Financial Statements

For the year ended 31st March, 2016

23. TRADE CREDITORS

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 30 days	34,213	15,059
31-60 days	2,277	1,811
61-90 days	174	1
Over 90 days	52	19
	36,716	16,890

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

24. BANK LOANS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
The maturity of the bank loans is as follows: Amounts due within one year shown under current liabilities	7,755	7,755

The bank loans outstanding at the end of the reporting period were denominated in US dollar at interest rate of approximately 2.2% (2015: 1.5%) per annum and secured by the Group's cash balance and financial assets. Details of pledge of assets are set out in note 31 to the financial statements.

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, 2016

25. DEFERRED TAX LIABILITIES

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

	Accelerated tax depreciation <i>HK\$'000</i>
At 31st March, 2014	1,751
Charge to expense for the year	113
At 31st March, 2015	1,864
Credit to income for the year	(81)
At 31st March, 2016	1,783

At the end of the reporting period, the Group has unused tax losses of approximately HK\$10,116,000 (2015: HK\$8,765,000) 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.

26. SHARE CAPITAL

	Number of shares of HK\$0.10 each	<i>HK\$'000</i>
Authorised		
At 1st April, 2014, 31st March, 2015 and 31st March, 2016	3,000,000,000	300,000
Issued and fully paid		
At 1st April, 2014	1,686,906,458	168,691
Exercise of share options	4,500,000	450
At 31st March, 2015	1,691,406,458	169,141
Exercise of share options	3,000,000	300
At 31st March, 2016	1,694,406,458	169,441

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

Notes to the Financial Statements

For the year ended 31st March, 2016

27. SHARE OPTIONS

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

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

As at 31st March, 2016, the number of shares in respect of which options had been granted but not exercised under the Scheme was 9,500,000, representing approximately 0.56% 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 at any point in time but excluding shares issued pursuant to the Scheme unless approval for refreshing the 10% limit from the Company’s shareholders has been obtained. 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.

Notes to the Financial Statements

For the year ended 31st March, 2016

27. SHARE OPTIONS (Continued)

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

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

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

	Grant date	Validity period	Exercise price for one share (Note 1) HK\$	Balance outstanding at 1st April, 2015	Granted during the year	Exercised during the year	Balance outstanding at 31st March, 2016
Director	13th October, 2011	13th October, 2011 — 25th August, 2018 (Note 2)	0.41	2,500,000	—	—	2,500,000
Total				2,500,000	—	—	2,500,000
Employees	13th October, 2011	13th October, 2011 — 25th August, 2018 (Note 3)	0.41	4,000,000	—	—	4,000,000
	21st December, 2011	21st December, 2011 — 25th August, 2018 (Note 3)	0.376	6,000,000	—	3,000,000	3,000,000
Total				10,000,000	—	3,000,000	7,000,000
Grand total				12,500,000	—	3,000,000	9,500,000

Notes to the Financial Statements

For the year ended 31st March, 2016

27. 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, 2016 and 31st March, 2015.

Notes to the Financial Statements

For the year ended 31st March, 2016

28. FINANCIAL POSITION OF THE COMPANY

	<i>Notes</i>	2016 HK\$'000	2015 HK\$'000
NON-CURRENT ASSET			
Interests in subsidiaries		884,606	883,276
CURRENT ASSETS			
Other debtors, deposits and prepayments		211	211
Cash and cash equivalents		31	30
		242	241
CURRENT LIABILITY			
Other creditors and accruals		—	37
NET CURRENT ASSETS			
		242	204
		884,848	883,480
CAPITAL AND RESERVES			
Share capital	26	169,441	169,141
Reserves	29	715,407	714,339
		884,848	883,480

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 30th June, 2016 and are signed on its behalf by:

Laurent LAM Kwing Chee
Vice Chairman

Anthony LAM Sai Ho
Managing Director

Notes to the Financial Statements

For the year ended 31st March, 2016

29. 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 43 to 44 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, 2014	449,540	216,596	515	822	20,243	25,817	713,533
Profit for the year	—	—	—	—	—	39,890	39,890
Equity-settled share-based payment expense	—	—	—	61	—	—	61
Issue of shares upon exercise of share options	1,657	—	—	(262)	—	—	1,395
Prior year final dividend paid	—	—	—	—	(20,243)	—	(20,243)
Interim dividend paid	—	—	—	—	—	(20,297)	(20,297)
Final dividend proposed for the year ended 31st March, 2015	—	—	—	—	20,333	(20,333)	—
At 31st March, 2015	451,197	216,596	515	621	20,333	25,077	714,339
Profit for the year	—	—	—	—	—	40,853	40,853
Equity-settled share-based payment expense	—	—	—	53	—	—	53
Issue of shares upon exercise of share options	976	—	—	(148)	—	—	828
Prior year final dividend paid	—	—	—	—	(20,333)	—	(20,333)
Interim dividend paid	—	—	—	—	—	(20,333)	(20,333)
Final dividend proposed for the year ended 31st March, 2016	—	—	—	—	20,333	(20,333)	—
At 31st March, 2016	452,173	216,596	515	526	20,333	25,264	715,407

Notes to the Financial Statements

For the year ended 31st March, 2016

29. 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:

	2016	2015
	HK\$'000	HK\$'000
Contributed surplus	216,596	216,596
Dividend reserve	20,333	20,333
Retained earnings	25,264	25,077
	262,193	262,006

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.

30. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31st March, 2016 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid up share capital	Proportion of nominal value of issued share capital held by the Group		Principal activities
			2016	2015	
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

Notes to the Financial Statements

For the year ended 31st March, 2016

30. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid up share capital	Proportion of nominal value of issued share capital held by the Group		Principal activities
			2016	2015	
Better Star Limited	British Virgin Islands/ Hong Kong	1 ordinary share of US\$1	100%	100%	Property investment
Billion Alliance Holdings Limited	Hong Kong	HK\$1	100%	—	Property holding
Billion Trade Development Limited	Hong Kong	HK\$1	100%	100%	Investment
Citydragon Resources 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 of HK\$2 and non-voting deferred shares* of HK\$2,000,000	100%	100%	Overseas sourcing, processing, packaging, marketing, sales and distribution of rice (Registered rice stockholder)
Golden Resources Holdings Limited	British Virgin Islands	21,268 ordinary shares of US\$1 each	100%	100%	Investment holding
Golden Resources Rice Industries Limited	British Virgin Islands	1,000 ordinary shares of US\$1 each	100%	100%	Investment holding
Golden Resources Warehouse Limited	Hong Kong	HK\$10,000	100%	100%	Warehouse operation

Notes to the Financial Statements

For the year ended 31st March, 2016

30. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid up share capital	Proportion of nominal value of issued share capital held by the Group		Principal activities
			2016	2015	
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 Retail Limited	British Virgin Islands	300,000,000 ordinary shares of HK\$1 each	100%	100%	Investment holding
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%	100%	Investment
Master Tone Limited	Hong Kong	HK\$2	100%	100%	Money lending

Notes to the Financial Statements

For the year ended 31st March, 2016

30. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid up share capital	Proportion of nominal value of issued share capital held by the Group		Principal activities
			2016	2015	
Paklink International Limited	British Virgin Islands	1 ordinary share of US\$1	100%	100%	Investment holding
Red Circle Company Limited [@]	Vietnam	Charter Capital VND1,000,000,000 Paid up Capital VND1,000,000,000	100%	100%	Operation of convenience stores
Reo Developments Limited ^{@@}	British Virgin Islands/ Hong Kong	21,451 ordinary shares of US\$1 each	100%	100%	Investment holding
Shantou SEZ Golden Resources Grain Co., Ltd.	PRC	#RMB10,300,000	100%	100%	Processing, packaging, marketing, sales and distribution of rice
Shantou SEZ Golden Resources Rice Co., Ltd. ^{##}	PRC	#US\$4,579,314	65%	65%	Processing, packaging, marketing, sales and distribution of rice
Sun Kai Yip (Shanghai) Industrial Investment Co., Ltd.	PRC	#US\$10,000,000	100%	100%	Investment and investment holding
Tresplain Investments Limited	British Virgin Islands/ Hong Kong	2 ordinary shares of US\$1 each	100%	100%	Trade marks holding
Yuen Loong & Company Limited	Hong Kong	Ordinary shares of HK\$200 and non-voting deferred shares* of HK\$5,000,000	100%	100%	Importing and re-exporting of rice (Registered rice stockholder)

Notes to the Financial Statements

For the year ended 31st March, 2016

30. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

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

Paid-up registered capital

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

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.

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.

31. PLEDGE OF ASSETS

At the end of the reporting period, the Group pledged cash balance of approximately HK\$12.9 million (2015: HK\$16.6 million) and financial assets at fair value through profit or loss of approximately HK\$319.8 million (2015: HK\$371.3 million) to secure general credit facilities granted to a subsidiary. Details of the facilities which have been utilised at the end of the reporting period are set out in note 24 to the financial statements. No other facilities are utilised at the end of the reporting period.

Notes to the Financial Statements

For the year ended 31st March, 2016

32. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

	2016 HK\$'000	2015 HK\$'000
Fees	300	300
Basic salaries, allowances and benefits in kind	11,824	10,813
Retirement benefits scheme contributions	402	367
Bonus paid	2,248	1,828
Share-based payment expense (Note)	20	3
	14,794	13,311

Name of director	Fees	Other emoluments		Bonus paid HK\$'000	Share-based payment expense HK\$'000	2016	2015
	HK\$'000	Basic salaries, allowances and benefits in kind HK\$'000	Retirement benefits scheme contributions HK\$'000			Total HK\$'000	Total HK\$'000
Executive Director							
Mr. Alvin Leslie LAM Kwing Wai	—	3,094	80	416	—	3,590	3,356
Mr. Laurent LAM Kwing Chee	—	2,321	101	416	—	2,838	2,643
Mr. Anthony LAM Sai Ho	—	2,377	76	666	—	3,119	2,857
Madam LAM Kit Woo	—	1,973	73	250	—	2,296	2,044
Madam LAM Sai Mann (appointed on 5th February, 2015)	—	542	16	—	—	558	56
Mr. TSANG Siu Hung	—	1,517	56	500	20	2,093	2,055
Independent Non-executive Director							
Mr. Joseph LAM Yuen To (appointed on 14th August, 2015)	38	—	—	—	—	38	—
Mr. Michael YU Tat Chi	100	—	—	—	—	100	100
Mr. Ronald YAN Mou Keung	100	—	—	—	—	100	100
Mr. John WONG Yik Chung (resigned on 14th August, 2015)	62	—	—	—	—	62	100
2016 Total	300	11,824	402	2,248	20	14,794	13,311
2015 Total	300	10,813	367	1,828	3	13,311	

Note:

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

(b) Directors' termination benefits

During the year ended 31st March, 2016, there were no termination benefits received by the directors (2015: Nil).

Notes to the Financial Statements

For the year ended 31st March, 2016

32. BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(c) Consideration provided to third parties for making available directors' services

During the year ended 31st March, 2016, no consideration was paid for making available the services of the directors of the Company (2015: Nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year ended 31st March, 2016, there were no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favour of directors (2015: Nil).

(e) Directors' material interests in transactions, arrangements or contracts

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 (2015: HK\$960,000).

Save as disclosed above, there were no other transactions, arrangements and contracts in relation to the Group's business to which the Company 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.

33. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four (2015: four) Directors, details of whose remunerations are set out in note 32(a) to the financial statements. The remunerations paid to the five highest paid employees are as follows:

	2016 HK\$'000	2015 HK\$'000
Basic salaries, allowances and benefits in kind	11,660	10,766
Retirement benefits scheme contributions	412	376
Bonus paid	2,078	1,925
Share-based payment expense	—	3
	14,150	13,070

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

HK\$	No. of persons	
	2016	2015
2,000,001 — 2,500,000	2	2
2,500,001 — 3,000,000	1	2
3,000,001 — 3,500,000	1	1
3,500,001 — 4,000,000	1	—
	5	5

Notes to the Financial Statements

For the year ended 31st March, 2016

34. 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:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Net amount of trade purchases from and sharing of administrative services on a cost basis with associates (Notes a, b)	130,153	134,524
Net amount of sharing of administrative services on a cost basis with related party (Notes b, c)	261	1,395
Net amount of trade purchases from related party (Notes a, c)	3	29

Notes:

- (a) The trade purchases were carried out in the ordinary course of business and at prices determined by reference to prevailing market price.
- (b) The costs of administrative services were allocated to the parties involved on a cost basis.
- (c) Related party is related to the Group as it is under the common control with a common director of the Company.

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 (2015: HK\$960,000).

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

In addition to the above, the Group also provided guarantees to banks in respect of banking facilities granted to associates as set out in note 35(c).

Notes to the Financial Statements

For the year ended 31st March, 2016

34. 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:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Short-term employee benefits	17,947	15,022
Post-employment employee benefits	529	445
Share-based payment expense	20	3
	18,496	15,470

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.

35. 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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Acquisition of property, plant and equipment	58,955	1,463
Capital contribution for an available-for-sale investment	20,400	20,400
	79,355	21,863

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.

Notes to the Financial Statements

For the year ended 31st March, 2016

35. 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:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within one year	32,091	22,454
In the second to fifth year inclusive	84,926	53,200
After five years	10,411	5,983
	127,428	81,637

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

The Group as lessor

Property rental income earned during the year was HK\$2,498,000 (2015: HK\$2,574,000). 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:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within one year	1,540	1,329
In the second to fifth year inclusive	291	266
	1,831	1,595

Notes to the Financial Statements

For the year ended 31st March, 2016

35. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(c) Contingent liabilities and financial guarantees issued

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Guarantees given in respect of banking facilities made available to:		
— associates	13,878	15,013

At the end of both reporting periods, the Group's associates had not utilised any of the banking facilities guaranteed by the Company.

At the end of the reporting period, the Directors did not consider it probable that a claim would be made against the Group under any of the guarantees granted by the Group. The Directors consider that the fair values of these financial guarantees of the Group are insignificant and therefore no value has been recognised at the end of each reporting period.

36. RETIREMENT BENEFITS SCHEMES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Retirement benefits schemes contributions	8,427	3,277
Less: Forfeited contributions	(148)	(15)
	8,279	3,262

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.

Notes to the Financial Statements

For the year ended 31st March, 2016

36. RETIREMENT BENEFITS SCHEMES *(Continued)*

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.

The employees employed in the PRC subsidiaries are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

The Group participates in a defined contribution plan managed by the Vietnam government whereby the Group is required to make contributions to the plan, representing the employer's portion of social, health and unemployment insurance contributions. The applicable rates of contribution are certain percentage of total contractual salaries. The Group has no obligation for the payment of retirement benefits other than the contributions described above.

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, 2016

37. 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, derivative financial instruments, 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 (2015: 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 (2015: 100 basis points) higher/lower and all other variables were held constant, the Group's loss for the year ended 31st March, 2016 would increase/decrease by approximately HK\$78,000 (2015: profit would increase/decrease by HK\$78,000). 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, 2016

37. 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:

	Assets		Liabilities	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Renminbi	99,366	150,496	8,812	8,793
Vietnamese Dong	49,295	51,921	35,233	14,998

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	
	2016 HK\$'000	2015 HK\$'000
Impact of Renminbi	4,528	7,085
Impact of Vietnamese Dong	1,125	2,954

Notes to the Financial Statements

For the year ended 31st March, 2016

37. 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\$258,755,000 (2015: HK\$177,813,000) and outstanding bank loans of HK\$7,755,000 (2015: HK\$7,755,000) 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:

	2016 HK\$'000	2015 HK\$'000
Total debts:		
Bank loans	7,755	7,755
Shareholders' equity	1,235,918	1,330,973
Debt-to-equity ratio	0.6%	0.6%

(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.

Notes to the Financial Statements

For the year ended 31st March, 2016

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) Liquidity risk management

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

As at 31st March, 2016, the Group's net current assets amounted to HK\$843,689,000 (2015: HK\$947,014,000) with current ratio, calculated as current assets divided by current liabilities, at approximately 9.2 times (2015: 13.3 times). Together with cash balance of HK\$258,755,000 (2015: HK\$177,813,000), the Group is in sound financial position to meet the capital requirements of the Group's operations and developments in the near future.

	Weighted average effective interest rate %	At 31st March, 2016			Total contractual undiscounted cash flow HK\$'000	Total carrying amount HK\$'000
		Within 1 month or on demand HK\$'000	More than 1 month but less than 3 months HK\$'000	More than 3 months but less than 1 year HK\$'000		
Trade creditors	—	36,716	—	—	36,716	36,716
Other creditors and accruals	—	35,137	—	—	35,137	35,137
Bank loans	2.2%	—	—	7,840	7,840	7,755
		71,853	—	7,840	79,693	79,608

	Weighted average effective interest rate %	At 31st March, 2015			Total contractual undiscounted cash flow HK\$'000	Total carrying amount HK\$'000
		Within 1 month or on demand HK\$'000	More than 1 month but less than 3 months HK\$'000	More than 3 months but less than 1 year HK\$'000		
Trade creditors	—	16,890	—	—	16,890	16,890
Other creditors and accruals	—	28,068	—	—	28,068	28,068
Bank loans	1.5%	—	—	7,814	7,814	7,755
		44,958	—	7,814	52,772	52,713

Notes to the Financial Statements

For the year ended 31st March, 2016

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(f) Fair value

The following table provides an analysis of financial instruments that are measured at fair value subsequent to initial recognition, 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

	At 31st March, 2016			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Available-for-sale investments:				
Listed equity securities	1,658	—	—	1,658
Financial assets at fair value through profit or loss:				
Listed equity securities	92,240	—	—	92,240
Listed debt securities	106,930	—	—	106,930
Unlisted debt securities	—	4,358	—	4,358
Other unlisted securities	—	172,121	—	172,121
Derivative financial instruments	2,549	—	—	2,549
	203,377	176,479	—	379,856

Notes to the Financial Statements

For the year ended 31st March, 2016

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(f) Fair value (Continued)

Financial assets

	At 31st March, 2015			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Available-for-sale investments:				
Listed equity securities	1,685	—	—	1,685
Financial assets at fair value through profit or loss:				
Listed equity securities	99,520	—	—	99,520
Listed debt securities	100,175	—	—	100,175
Unlisted debt securities	—	19,545	—	19,545
Other unlisted securities	—	234,420	—	234,420
	<u>201,380</u>	<u>253,965</u>	<u>—</u>	<u>455,345</u>

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

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.

Notes to the Financial Statements

For the year ended 31st March, 2016

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(g) Financial instruments price risk management

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

As at 31st March, 2016, carrying values of available-for-sale investments, financial assets at fair value through profit or loss and derivative financial instruments which were stated at fair values amounted to HK\$1,658,000 (2015: HK\$1,685,000), HK\$375,649,000 (2015: HK\$453,660,000) and HK\$2,549,000 (2015: Nil) respectively. For sensitivity analysis purpose, a 15% change (2015: 15% change) in the fair values of corresponding financial instruments would result in the movements in investments revaluation reserve of HK\$249,000 (2015: HK\$253,000) and changes in results for the year of HK\$56,347,000 (2015: HK\$68,049,000) and HK\$382,000 (2015: Nil) respectively.

38. GAIN ON DISPOSAL OF AN ASSOCIATE CLASSIFIED AS ASSET HELD FOR SALE

The Group recorded a gain on disposal of an associate classified as asset held for sale of approximately HK\$35 million during last year ended 31st March, 2015 for details as follows:

On 7th April, 2014, a wholly-owned subsidiary of the Company (the "Vendor") entered into an agreement (the "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").

In accordance with the Agreement, the Consideration was 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.

Notes to the Financial Statements

For the year ended 31st March, 2016

38. GAIN ON DISPOSAL OF AN ASSOCIATE CLASSIFIED AS ASSET HELD FOR SALE *(Continued)*

Completion took place on 31st May, 2014. The Consideration was subsequently adjusted to HK\$99,873,929.64 in accordance with the Agreement and was fully settled by cash during the year ended 31st March, 2015.

Prior to the Disposal, the Group accounted for 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 ceased to be an associated company of the Group and the Group recorded a gain on disposal of approximately HK\$35 million. The net proceeds arising from the Disposal of approximately HK\$99 million were applied for general working capital of the Group.

Schedule of Investment Properties

At 31st March, 2016

Particulars of investment properties are as follows:

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

Group Financial Summary

At 31st March, 2016

	Year ended 31st March,				
	2012	2013	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
RESULTS					
REVENUE					
Rice operation	892,227	887,952	901,108	881,822	809,921
Convenience store operation	24,862	45,386	79,729	113,391	199,527
Property investment	1,916	2,376	2,149	2,574	2,498
Corporate and others	20,516	18,397	20,120	16,216	1,838
	939,521	954,111	1,003,106	1,014,003	1,013,784
Profit/(loss) before taxation	91,943	108,351	102,091	165,927	(29,833)
Taxation	(18,138)	(15,597)	(18,156)	(22,995)	(17,313)
Profit/(loss) for the year	73,805	92,754	83,935	142,932	(47,146)
Profit/(loss) attributable to:					
Shareholders of the Company	72,119	91,728	83,382	143,016	(45,762)
Non-controlling interests	1,686	1,026	553	(84)	(1,384)
	73,805	92,754	83,935	142,932	(47,146)
Dividends	40,486	40,486	40,486	40,630	40,666

	As at 31st March,				
	2012	2013	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS AND LIABILITIES					
Total assets	1,275,496	1,310,166	1,347,312	1,428,535	1,356,429
Total liabilities	(98,216)	(76,706)	(75,325)	(78,711)	(104,098)
Non-controlling interests	(18,646)	(18,725)	(19,113)	(18,851)	(16,413)
Shareholders' equity	1,158,634	1,214,735	1,252,874	1,330,973	1,235,918