安全貨倉有限公司

SAFETY GODOWN CO LTD

(Stock code 股份代號: 237)

Annual Report 年報 2010

Contents

Corporate Information

DIRECTORS

Executive Directors
Mr. Lu Sin (Chairman and Managing Director)
Mr. Lui Chi Lung
Mr. Lu Wing Yee, Wayne
Mr. Oen Min Tjin

Non-executive Directors
Mr. Lu Yong Lee
Mr. Lee Ka Sze, Carmelo

Independent Non-executive Directors
Mr. Gan Khai Choon
Mr. Lam Ming Leung
Mr. Leung Man Chiu, Lawrence

COMPANY SECRETARY

Mr. Wong Leung Wai

BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
Bank of Tokyo-Mitsubishi UFJ

SOLICITORS

Woo, Kwan, Lee & Lo

AUDITORS

Deloitte Touche Tohmatsu

AUDIT COMMITTEE

Mr. Gan Khai Choon (Chairman)
Mr. Lee Ka Sze, Carmelo
Mr. Lam Ming Leung
Mr. Leung Man Chiu, Lawrence

REMUNERATION AND NOMINATION COMMITTEE

Mr. Lu Sin (Chairman)
Mr. Lee Ka Sze, Carmelo
Mr. Lam Ming Leung
Mr. Leung Man Chiu, Lawrence

REGISTERED OFFICE

Units 1305-1306, 13th Floor, Lu Plaza
2 Wing Yip Street
Kwun Tong
Kowloon
Hong Kong

REGISTRARS AND TRANSFER OFFICE

Tricor Standard Limited
26/F., Tesbury Centre
28 Queen's Road East
Hong Kong

WEBSITE

http://www.safetygodown.com

STOCK CODE

237

KEY DATES

Final Results Announcement	29 June 2010
Annual General Meeting	10 August 2010
Closure of Register of Members	6 to 10 August 2010 (both days inclusive)
Record Date for Final Dividend and Special Dividend for 50th Anniversary	10 August 2010
Payment of Final Dividend and Special Dividend for 50th Anniversary	on or about 19 August 2010

Biographical Information of Directors

EXECUTIVE DIRECTORS

Mr. Lu Sin, aged 91, is the founder of the Group and the Chairman and Managing Director of the Company. He is the Chairman and Managing Director of Kian Nan Financial Limited, and the Permanent Managing Director of Fu Nan Enterprises Company Limited, all being substantial shareholders of the Company. He is also the Co-founder of Kian Nan Trading Co Limited. He has over 45 years experience in public godown operation, property development, textile industry and international trading. Mr. Lu is the Honorary President of Fujian Hong Kong Economic Development Association Limited and the Honorary President of Fujian Association of Enterprises with Foreign Investment. He was appointed an Advisor on Hong Kong Affairs to the Government of the People's Republic of China and had been a member of the Selection Committee for the First Government of the Hong Kong Special Administrative Region. He had also been, a member of the University Court of The University of Hong Kong and an Honorary Director and a member of the Membership Committee of The University of Hong Kong Foundation for Educational Development and Research. Mr. Lu is also an Honorary Professor of the Post-graduate School of the Chinese Academy of Social Science and an Honorary Fellow of The University of Hong Kong. Mr. Lu Sin is the father of Mr. Lui Chi Lung and Mr. Lu Wing Yee, Wayne, Executive Directors of the Company, and uncle of Mr. Lu Yong Lee, Non-executive Director of the Company.

Mr. Lui Chi Lung, aged 58, has been an Executive Director of the Company since 1990. Mr. Lui was a Director of Kian Nan Financial Limited, a substantial shareholder of the Company. Mr. Lui has over 30 years experience in public godown operation and textile industry. He is the son of Mr. Lu Sin, the Chairman of the Company, cousin of Mr. Lu Yong Lee, Non-executive Director of the Company and brother of Mr. Lu Wing Yee, Wayne, Executive Director of the Company.

Mr. Oen Min Tjin, aged 73, has been a Director of the Company since 2004. Mr. Oen acted as an Independent Non-executive Director from 28 September 2004 to 16 June 2006 and has been an executive Director since 16 June 2006. Mr. Oen graduated from National Taiwan University. Mr. Oen is a Director of Ramada Bintang Bali Hotel, Bali, Indonesia. Mr. Oen was with Kian Nan Trading Co., Ltd. from 1961 to 1978. Mr. Oen was the Managing Director of ANTA Express from 1978 to 2005.

Mr. Lu Wing Yee, Wayne, aged 36, was appointed as an Executive Director of the Company on 12 December 2008. He joined the Group in July 2001, and prior to his appointment as Executive Director has acted as a Group Manager of the Group in charge of day-to-day operation of the Group. He has extensive experience in the field of accounting, auditing, financial management and operations control. Mr. Lu is a member of The American Institute of Certified Public Accountants. He has a master degree in business administration, a bachelor degree of science in business administration and a diploma in risk management. Mr. Lu was previously worked for audit firm, securities and brokerage firm and listed property company. He is the son of Mr. Lu Sin, the Chairman of the Company, cousin of Mr. Lu Yong Lee, Non-executive Director of the Company and brother of Mr. Lui Chi Lung, Executive Director of the Company.

NON-EXECUTIVE DIRECTORS

Mr. Lu Yong Lee, aged 71, has been a Non-executive Director of the Company since 1989. He is also a director of Eaver Company Limited, Fu Nan Enterprises Company Limited and Kian Nan Financial Limited, all being substantial shareholders of the Company. Mr. Lu had been a Director of SEA Holdings Limited, a company listed in The Stock Exchange of Hong Kong Limited. Mr. Lu has over 35 years experience in property development and international trading. Mr. Lu is the nephew of Mr. Lu Sin, the Chairman of the Company, and cousin of Mr. Lui Chi Lung and Mr. Lu Wing Yee, Wayne, Executive Directors of the Company.

Mr. Lee Ka Sze, Carmelo, aged 50, has been a Director of the Company since 2000. Mr. Lee acted as an Independent Non-executive Director from 1 July 2000 to 28 September 2004 and has been a Non-executive Director since 28 September 2004. Mr. Lee is a partner of Woo, Kwan, Lee & Lo. He received his Bachelor of Laws degree and the Postgraduate Certificate in Laws from The University of Hong Kong. Mr. Lee is also a Non-executive Director of several listed public companies in Hong Kong, namely China Pharmaceutical Group Limited, Termbray Industries International (Holdings) Limited, Yugang International Limited, Y.T. Realty Group Limited, The Cross-Harbour (Holdings) Limited and Hopewell Holdings Limited. Mr. Lee is also an Independent Non-executive Director of two listed public companies in Hong Kong, namely KWG Property Holding Limited and Ping An Insurance (Group) Company of China, Ltd. Mr. Lee is also the Deputy Chairman of the Listing Committee of The Stock Exchange of Hong Kong Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Gan Khai Choon, aged 64, has been an Independent Non-executive Director of the Company since 1990. He is also an Executive Director of City e-Solutions Limited (formerly known as CDL Hotels International Limited, a company listed in The Stock Exchange of Hong Kong Limited) and Managing Director of Hong Leong International (Hong Kong) Limited. Mr. Gan has extensive experience in finance, property development, hotel management and international trading.

Mr. Lam Ming Leung, aged 58, has been an Independent Non-executive Director of the Company since 1 January 2004. Mr. Lam was a director and general manager of The National Commercial Bank Limited, Hong Kong Branch.

Mr. Leung Man Chiu, Lawrence, aged 62, has been an Independent Non-executive Director of the Company since 16 June 2006. He is also an Independent Non-executive Director of Pak Fah Yeow International Limited and Shell Electric Mfg. (Holdings) Company Limited (up to 18 May 2010), companies listed in The Stock Exchange of Hong Kong Limited. Mr. Leung is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He graduated in 1969 from the Hong Kong Technical College (now the Hong Kong Polytechnic University) with a diploma in accountancy and qualified himself as a certified public accountant in 1972. Mr. Leung is a practising certified public accountant and has been in public practice for over 40 years. He has extensive experience in accounting and auditing and had served in listing and auditing projects for a number of Hong Kong public listed companies. He is now practicing as a partner in Tang and Fok.

Five Year Financial Summary

	2010	2009	2008	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Consolidated Statement of Comprehensive Income					
Turnover					
Godown operation	**17,996**	23,914	26,507	30,797	30,769
Property investment	**76,227**	82,718	66,981	58,540	51,816
Treasury investment	**883**	3,154	6,513	5,802	4,232
	95,106	109,786	100,001	95,139	86,817
Profit (loss) attributable to owners of the company					
Godown operation	**5,178**	9,385	7,785	12,850	12,514
Investment property	**63,424**	71,499	56,897	49,333	43,667
Treasury investment	**16,359**	(18,207)	37,916	24,009	17,802
Increase (decrease) in fair value of investment properties	**210,809**	(264,075)	95,000	142,500	133,600
Central administrative cost	**(5,236)**	(5,004)	(4,864)	(5,035)	(6,417)
Gain on deregistration of a subsidiary	**–**	–	996	–	–
Finance costs	**–**	–	–	–	(134)
Profit (loss) before taxation	**290,534**	(206,402)	193,730	223,657	201,032
Taxation	**(46,073)**	39,456	(32,047)	(36,952)	(33,605)
Profit (loss)for the year attributable to owners of the company	**244,461**	(166,946)	161,683	186,705	167,427
Consolidated statements of Financial Position					
Total assets	**1,709,219**	1,426,638	1,681,559	1,450,411	1,272,149
Total liabilities	**(184,478)**	(146,862)	(199,282)	(158,073)	(135,276)
Equity attributable to owners of the company	**1,524,741**	1,279,776	1,482,277	1,292,338	1,136,873
Per Share					
Earnings (loss) per share	**HK$1.81**	(HK$1.24)	HK$1.20	HK$1.38	HK$1.24
Dividends per share	**29 cents**	8 cents	25 cents	22 cents	16 cents
Dividend payout ratio *(Note 1)*	**57.21%**	20.17%	40.51%	42.95%	37.76%
Net asset value per share	**HK$11.29**	HK$9.48	HK$10.98	HK$9.57	HK$8.42
Ratios					
Return on average shareholders funds	**17.43%**	(12.09%)	11.65%	15.4%	15.9%
Current ratio	**9.37:1**	7.86:1	7.22:1	6.01:1	3.01:1
Gearing ratio *(Note 2)*	**–**	–	–	–	–

Notes:

1. The dividend payout ratio is calculated based on the total dividend distribution including the interim dividend paid and final dividend and special dividend proposed for the year and the profit for the year attributable to shareholders after adjusting the effect on fair value changes in investment properties and the corresponding deferred tax adjustments.

2. Gearing ratio is calculated at the ratio of total interest bearing loans to total assets of the Group at balance sheet date.

Chairman's Statement

I am pleased to present the annual results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2010.

DIVIDENDS

The Board of Directors has resolved to recommend the payment of a final dividend of HK7 cents per share, amounting to HK$9,450,000 and a special dividend for 50th anniversary of HK18 cents per share, amounting to HK$23,450,000 for the year ended 31 March 2010, to shareholders whose names appear on the register of members on 10 August 2010 subject to the approval of shareholders at the forthcoming Annual General Meeting. The proposed final dividend and special dividend for 50th anniversary will be despatched to shareholders on or about 19 August 2010. Together with the interim dividend of HK4 cents per share already paid, the total distribution for the year ended 31 March 2010 will be HK29 cents per share. Total distribution for the previous year was HK8 cents per share.

BUSINESS REVIEW

During the period under review, the global economy was headed towards recovery. The U.S. economy was also undergoing economic growth but certain areas in the U.S. economy remained weak, including the labor market and the non-residential property market in the U.S., due to high unemployment rate and declining construction spending in the U.S.. The consumer market in Europe and the U.S. was also recovering during the period under review. Nonetheless, factories suffered production overcapacity which led to a prolonged rise in commodity prices. As a result, there was a slowdown in export trade for Hong Kong and the demand for godown services declined which prevented the godown business in Hong Kong from recovering with the global economy simultaneously. Fortunately, the rise in domestic demand in China has helped fuel the return of rapid economic growth in China and boosted external demand. The strong performance in China trades has countered the effect of the weakened export trades, resulting in a relatively stable performance in the Group's godown business in the first half of the year.

Benefiting from the flourishing property market in Hong Kong and the support of the Group's long-term tenants, the overall satisfactory lease out rate of the Group's properties has remained stable during the period under review. Although the high volatility in stock and foreign exchange markets together with the extremely low interest rates has affected the Group's performance in treasury investment, such performance was in line with market performance.

OUTLOOK

Although the global economy is heading towards recovery, the debt crisis in Europe however is worsening and the Euro is battering against the global financial system. The recovery of the U.S. economy in the medium-term will be slow, suggesting that low interest rates will remain for a period of time. Moreover, the global economy will still have to face the uncertainties of the withdrawal of stimulus packages by the U.S. government and a volatile market will be inevitable. It can be foreseen that the performance of import and export trading will be unsteady, which will weigh down the performance of godown and logistics operation.

The Central People's Government of China has imposed a series of measures to regulate the domestic housing market. Similarly, the Hong Kong property market is generally adopting a wait-and-see approach. As a result, the property leasing business in Hong Kong is gradually declining with rental rates being pressured. In addition, the conversion of land use promoted from the revitalization of old industrial buildings in Eastern Kowloon has resulted in a large-scale increase in supply of offices and competition in the leasing market is expected to be fierce. The lease out rate at Lu Plaza will be difficult to maintain at relatively high level, and rental income is expected to decrease sharply. In addition to launching a leasing promotion campaign and enhancing the quality of property management service, the Group will keep a prudent stance in upgrading the building value of the Group's properties, including renovating properties for leasing use, in order to sustain the performance of the Group. Other than that, in order to maximize the Group's property development potential and increase its value, the Group considers to modify the land use of Safety Godown at Kwai Chung to residential usage. We have already appointed professional consultancy company to perform feasibility study, and the project is in progress.

Chairman's Statement

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Group reported a profit for the year of HK$244,461,000 comparing to a loss of HK$166,946,000 last year. The reported net profit was largely attributable to the increase in fair value of investment properties of HK$210,809,000 this year (2009: decrease in fair value of HK$264,075,000). Excluding the effect of the fair value change in investment properties and the related deferred tax effect, the Group would report a profit attributable to shareholders of HK$68,435,000 (2009: profit of HK$53,557,000), an increase of 28% in 2010.

Turnover of the Group for current year comprises mainly rental income from investment properties and income from godown operation. Total turnover for the year amounted to HK$95,106,000 (2009: HK$109,786,000), a decrease of 13.37% compared to last year.

PROPERTY INVESTMENT

Although property prices in Hong Kong have generally appreciated during the year, the office rental market has yet to recover to the level before the financial tsunami. There was negative rental reversion on renewals and new lettings during the year when compared with rental levels secured two years ago. The Group's rental income from Lu Plaza was also affected by the increase in office supply in Eastern Kowloon area which resulted in lower occupancy level and rental rates. Benefited from the support of the long-term tenants, gross rental income from property investment segment for the year only declined by 7.85% from the year 2009 to HK$76,227,000. Attributable profit from the segment amounted to HK$63,424,000 compared to HK$71,499,000 last year. These figures do not include the fair value gain on investment properties of HK$210,809,000 (2009: fair value loss of HK$264,075,000).

During the year, the Group had acquired additional investment properties in the total amount of HK$12,366,000 for rental income purposes.

GODOWN OPERATION

During the year, the world economy began to recover slowly from the economic downturn brought about by the financial crisis. Manufacturing and trading markets contracted, which adversely affected the export and re-export trade through Hong Kong. Turnover for the godown operation for the year fell by 24.75% to HK$17,996,000. Attributable profit from godown operation dropped by 44.83% to HK$5,178,000 in 2010, compared to a profit of HK$9,385,000 in 2009.

TREASURY INVESTMENT

During the year, Hang Seng Index rebounded by 56% to 21,239 as at 31 March 2010. The Group posted a profit in treasury investment segment of HK$16,359,000 for the year, compared to a loss of HK$18,207,000 last year.

In addition to the fair value gain of HK$12,894,000 generated from the investment held for trading, the Group also reported a fair value gain on available-for-sale investment of HK$9,873,000 (2009: a fair value loss of HK$18,218,000). Such gains or losses are reflected in the "other comprehensive income" in the consolidated statement of comprehensive income. For details of their accounting treatment, please refer to the note 3 to the financial statements "Significant Accounting Policies".

During the year, the Group expanded its portfolio in securities investment. At the balance sheet date, the carrying value of the investment held for trading increased from HK$4,242,000 to HK$61,518,000 which included an unrealised fair value gain of HK$9,339,000 (2009: unrealised fair value loss of HK$6,312,000).

The Group also registered an exchange gain of HK$2,845,000 (2009: exchange loss of HK$2,654,000) which was derived from foreign currency bank deposits.

Chairman's Statement

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2010, the Group had cash and bank balances totalling HK$225,529,000 (2009: HK$221,653,000) which includes bank deposits for treasury investment purposes of HK$156,732,000 (2009: HK$184,792,000). All the deposits were placed with banks with strong credit rating. As at 31 March 2010, the Group's current ratio was 9.37 times (2009: 7.86 times). The Group had no borrowings over the year which indicates its strong liquidity position. The net cash generated from operating activities amounted to HK$29,205,000 (2009: HK$47,229,000) during the year.

The shareholders' funds as at balance sheet date amounted to HK$1,524,741,000, an increase of 19.14% compared to HK$1,279,776,000 at 31 March 2009. This was mainly attributable to the increase in fair value of investment properties and the profits generated from daily operations of the Group.

OPERATING EXPENSES

The operating expenses represent mainly staff costs and other operating expenses. The total operating expenses for the year maintained at HK$32,726,000 (2009: HK$35,547,000). If deducting the HK$2,654,000 exchange losses included in other expenses in 2009, the total operating expenses was relatively stable over both years.

DIVIDEND POLICY

It is the Group's intention to provide shareholders with relatively consistent dividend income over the long term. Before the financial tsunami last year, the Group provided shareholders with relatively generous dividend payments. However, in order to maintain the financial health of the Group, the management had to cutback on the dividend payment last year. The management will resume the dividend payment to a higher level based on the business environment and the performance of the Group.

PLEDGE OF ASSETS

At 31 March 2010, the Group has pledged its investment properties and property, plant and equipment with carrying values of HK$93,000,000 (2009: HK$80,500,000) and HK$4,763,000 (2009: HK$4,953,000), respectively, to a bank to secure a general banking facility to the extent of HK$69,000,000 (2009: HK$69,000,000) granted to the Group. At 31 March 2009 and 31 March 2010, such facility was not utilised by the Group.

EMPLOYEES

As at 31 March 2010, the Group employed 72 (2009: 74) employees. The remuneration policies are reviewed periodically on the basis of the nature of job, market trend, company performance and individual performance. The Group also provides internal training to staff and provides bonuses based upon staff performance and results of the Group. The Group does not have any share option scheme for employees.

CONTINGENT LIABILITIES

As at 31 March 2010, the Group did not have any significant contingent liabilities.

CLOSURE OF MEMBERS REGISTER

The Register of Members of the Company will be closed from Friday, 6 August 2010 to Tuesday, 10 August 2010, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the proposed final dividend and special dividend for 50th anniversary, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Tricor Standard Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on Thursday, 5 August 2010.

Lu Sin
Chairman

Hong Kong, 29 June 2010

Corporate Governance Report

The Board of Directors and the management of the Company recognise the importance and benefits of good corporate governance practices and have adopted certain corporate governance and disclosure practices aiming at a high level of transparency and accountability. The Company is committed to continuously improving its corporate governance practices as part of its own corporate culture.

The Company has complied with all code provisions of the Code on Corporate Governance Practices (the 'Code') as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 March 2010 except for the deviations from the code provisions A.2.1 and A.4.1. Further explanations are set out below.

THE BOARD

The Board has the overall responsibility for leadership and control of the Company. It is responsible for promoting the success of the Company by directing and supervising the Company's affairs. The management of the Company is responsible for the overseeing of the day-to-day operations of the Group under the leadership of the Chief Executive Officer.

The Board is composed of four Executive Directors, two Non-executive Directors and three Independent Non-executive Directors. One-third of the Board members are Independent Non-executive Directors which enable the Board to exercise independent judgement effectively. The composition of the Board is shown on page 8 under the subject Board Meetings. Biographies of the Directors which include relationship among members of the Board are set out on page 3 under the subject Biographical Information of Directors.

Each of the Independent Non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the Independent Non-executive Directors are independent in accordance with the Listing Rules.

Code provision A.4.1 stipulates that Non-executive Directors should be appointed for a specific term. All Non-executive Directors are appointed with no specific term which is a deviation from provision A.4.1 of the Code. However, all the Directors (including Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Articles of Association.

None of the Directors has entered or proposed to enter into any service contracts with the Company or its subsidiaries, and none of the Directors has entered into any service contracts with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

All Directors have full access to accurate, relevant and timely information of the Group through management and are able to obtain independent professional advices on issues whenever deemed necessary by the Directors.

The Company has arranged appropriate directors' and officers' liability insurance for the Directors and officers of the Company.

BOARD MEETINGS

During the year, a total of four meetings were held, details of Directors' attendance records are as follows:

Composition of the Board	Number of meetings attended/held
Executive Directors	
Lu Sin *(Chairman and Managing Director)*	4/4
Lui Chi Lung	4/4
Oen Min Tjin	4/4
Lu Wing Yee, Wayne	4/4
Non-executive Directors	
Lu Yong Lee	1/4
Lee Ka Sze, Carmelo	4/4
Independent Non-executive Directors	
Gan Khai Choon	4/4
Lam Ming Leung	4/4
Leung Man Chiu, Lawrence	4/4

BOARD MEETINGS (Continued)

Directors are consulted on matters to be included in the agenda for Board meetings. Directors have access to the advice and services of the Company secretary to ensure that Board meeting procedures and all applicable rules and regulations are followed.

At least 14 days formal notice would be given before each regular meeting is held. For special meetings, reasonable notice is given.

Board members are supplied with agenda and comprehensive Board papers in respect of regular Board meetings at least three days before the intended date of meeting. Board minutes are sent to all Directors within a reasonable time after each Board meeting for their comment and records.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Lu Sin is the Chairman and the Chief Executive Officer of the Company. He is the founder and a substantial shareholder of the Company and has considerable industry experience. The Board considers this structure will not impair the balance of power and authority between the Board and the Management of the Group. The balance of power and authority can be ensured as at least one-third of the Board members are represented by Independent Non-executive Directors throughout the year. The Board believes that this structure enables the Group to make and implement decisions promptly and efficiently.

The Chairman ensures that all Directors are properly briefed on issues arising at Board meetings. The Chairman is responsible for ensuring that directors receive adequate information in a timely manner.

REMUNERATION AND NOMINATION COMMITTEE

The Company has established a Remuneration and Nomination Committee with specific written terms of reference which deal clearly with its authority and duties. A majority of the members are Independent Non-executive Directors. The Committee comprises the Chairman of the Company, Mr. Lu Sin as Chairman of the Remuneration and Nomination Committee, two Independent Non-executive Directors, namely Mr. Lam Ming Leung and Mr. Leung Man Chiu, Lawrence and one Non-executive Director, Mr. Lee Ka Sze, Carmelo.

The Remuneration and Nomination Committee is responsible for making recommendations to the Board on issues including new appointment and re-appointment of Directors and senior management; review management succession planning for senior management of the Company; formulate and review remuneration policy and packages of all Directors and senior management; and review and approve compensation packages, roles and responsibilities and performance assessment of employees of the Group.

New directors are sought mainly through referrals and internal promotions. In evaluating whether an appointee is suitable to act as a director, the Board will review the independence, experience and skills of the appointee as well as personal ethics, integrity and time commitment of the appointee. The emoluments of Directors are based on the skill, knowledge and involvement in the Company's affairs of each Director and are determined by reference to the Company's performance and profitability.

During the year, two meetings were held and the attendance record of individual members at Remuneration and Nomination Committee meeting is as follows:

Name	Number of meetings attended/held
Lu Sin	2/2
Lee Ka Sze, Carmelo	2/2
Lam Ming Leung	2/2
Leung Man Chiu, Lawrence	2/2

REMUNERATION AND NOMINATION COMMITTEE (Continued)

The Remuneration and Nomination Committee had considered the following proposals and made recommendation to the Board:-

(a) re-election of Mr. Oen Min Tjin, Mr. Lu Yong Lee and Mr. Lam Ming Leung, directors of the Company, to be proposed for shareholders' approval at the Annual General Meeting 2010;

(b) assessed the independence of the Independent Non-executive Directors of the Company;

(c) annual salary and bonus review for staff of the Group; and

(d) review and approve Directors' remuneration and fees.

The Remuneration and Nomination Committee is provided with sufficient resources, including the advice of professional firms if necessary, to discharge its duties.

AUDIT COMMITTEE

It is the responsibility of the Board to establish formal and transparent arrangements for considering how it will apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the Company's auditors.

The principal duties of the Audit Committee include the review of the financial reporting, internal control and risk management systems of the Group, review of half-yearly and annual reports and accounts, review and monitor the appointment of the auditors and their independence.

The Audit Committee comprises three Independent Non-executive Directors and one Non-executive Director. The Committee is chaired by Mr. Gan Khai Choon. The other members are Mr. Lam Ming Leung, Mr. Leung Man Chiu, Lawrence and Mr. Lee Ka Sze, Carmelo. Both Mr. Gan and Mr. Leung possessed appropriate professional qualifications or accounting or related financial management expertise as required by the Listing Rules.

During the year, two meetings were held and the attendance records are as follows:

Name	Number of meetings attended/held
Gan Khai Choon	2/2
Lee Ka Sze, Carmelo	2/2
Lam Ming Leung	2/2
Leung Man Chiu, Lawrence	2/2

Minutes of the Audit Committee are circulated to members of the Audit Committee within a reasonable time after each meeting for their comment and record.

No member of the Audit Committee is a former partner of the existing auditing firm of the Company during the one year after he ceases to be a partner of the auditing firm.

The Audit Committee has performed the following work during the year:

(i) reviewed and discussed with management and external auditors the unaudited interim financial statements for the six months ended 30 September 2009 and the audited financial statements for the year ended 31 March 2010;

(ii) reviewed the Group's internal control and risks management processes;

(iii) reviewed, in conjunction with the auditors, the development of accounting standards and assessed their potential impacts on the Group's financial statements;

AUDIT COMMITTEE (Continued)

(iv) reviewed and considered the terms of engagement of the external auditors including assessing their independence and objectivity; and

(v) reviewed Compliance with the Code.

All matters raised by the Audit Committee have been addressed by the Management. The work and findings of the Audit Committee have been reported to the Board. During the year, no issues brought to the attention of the Management and the Board were of sufficient importance to require disclosure in the Annual Report.

The Board agrees with the Audit Committee's proposal for the re-appointment of Deloitte Touche Tohmatsu ("Deloitte") as the Group's external auditor for 2011. The recommendation will be presented for the approval of shareholders at the Annual General Meeting to be held on 10 August 2010.

During the year, fees paid/payable to Deloitte for providing audit services and non-audit services are as follows:

Nature of services	2010 HK$	2009 HK$
Review fee for interim results	**113,800**	112,800
Audit fee for final results	**813,000**	698,000
Taxation consultancy services fee	**87,700**	74,000
Total audit and non-audit services	**1,014,500**	884,800

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the accounts which give a true and fair view of the state of affairs of the Company and of the Group and of the profit and cash flows for the year ended 31 March 2010 in accordance with the Companies Ordinance. The Directors have prepared the accounts on a going concern basis, and have selected appropriate accounting policies and applied them consistently, with applicable disclosures required under the Listing Rules and pursuant to statutory requirements.

The statement issued by the auditors of the Company regarding their reporting responsibilities is set out in detail in the Independent Auditor's Report on page 17.

INTERNAL CONTROL

The Group's system of internal control includes a defined management structure with limits of authority, and is designed to help the Group achieve its business objectives, safeguard its assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant laws and regulations. The system is designed to provide reasonable assurance against material misstatement or loss, and to manage risks of failure in the Group's operational systems and in the achievement of the Group's business objectives. In developing our internal control system, we have taken into consideration our organization structure and the nature of our business activities.

During the year, the Group has conducted an annual review of the effectiveness of the system of internal control. The review covered financial, operational and compliance controls and risk management functions. The adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget have also been considered. The Board has concluded that the Group's overall system of internal controls has effectively exercised its functions during the year, and will continue to improve the operation of the system.

Corporate Governance Report

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors of the Company, all the Directors have confirmed in writing that they had complied with the required standard as set out in the Model Code throughout the year ended 31 March 2010.

INVESTOR RELATIONS

The Company is keen to promote two-way communications both with its institutional and its private investors. The Annual General Meeting ("AGM") is the principal occasion at which the Chairman and Directors may interface directly with the shareholders. An AGM circular is distributed to all shareholders at least 21 days prior to the AGM, setting out details of each proposed resolution, voting procedures (including procedures for demanding and conducting a poll) and other relevant information. Most of the Directors are usually present at the AGM to which all shareholders are invited and during which they have the opportunity to raise questions with the Board.

SOCIAL SERVICES

Active involvement in community services is one of our objects. We continue to take part in various social, charity and recycling activities, which include the "Used Book Recycling Campaign" held by World Vision Hong Kong; supporting the Community Chest Green Day event; maintaining an environmentally friendly office, and last but not least, continue to promote energy reservation, recycling and the idea of "green living" to our clients and employees.

As a result of our efforts, we had been awarded the "5 Years Plus Caring Company" logo by the Hong Kong Council of Social Service once again in recognition of our corporate citizenship and contribution to social development.

Lu Sin
Chairman

Hong Kong, 29 June 2010

Directors' Report

The directors present their annual report and the audited financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2010.

PRINCIPAL ACTIVITIES

The Company is engaged in investment holding, treasury investment and the operation of public godowns. The principal activities of its principal subsidiaries are set out in note 32 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2010 are set out in the consolidated statement of comprehensive income on page 18.

An interim dividend of HK4 cents per share, amounting to HK$5,400,000 was paid to the shareholders during the year. The directors now recommend the payment of a final dividend of HK7 cents per share amounting to HK$9,450,000 and a special dividend for 50th anniversary of HK18 cents amounting to HK$24,300,000, to the shareholders whose names appear on the register of members on 10 August 2010, and the retention of the remaining profit for the year of HK$205,311,000.

Other movements in reserves are set out in the consolidated statement of changes in equity on page 20.

INVESTMENT PROPERTIES

Details of movements in investment properties of the Group during the year are set out in note 12 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group and the Company during the year are set out in note 13 to the financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

At 31 March 2010, the Company's reserves available for distribution to shareholders comprised the retained profits of HK$566,202,000 (2009: HK$566,657,000). Details of the Company's distributable reserves are set out in note 23 to the financial statements.

DIRECTORS

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

Executive directors
Mr. Lu Sin *(Chairman & Managing Director)*
Mr. Lui Chi Lung
Mr. Lu Wing Yee, Wayne
Mr. Oen Min Tjin

Non-executive directors
Mr. Lu Yong Lee
Mr. Lee Ka Sze, Carmelo

Independent non-executive directors
Mr. Gan Khai Choon
Mr. Lam Ming Leung
Mr. Leung Man Chiu, Lawrence

DIRECTORS (Continued)

In accordance with Articles 78 and 79 of the Company's Articles of Association, Mr. Oen Min Tjin, Mr. Lu Yong Lee and Mr. Lam Ming Leung shall retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election. Details of the directors to be re-elected at the 2010 annual general meeting are set out in the circular to the shareholders sent together with this Annual Report.

No director of the Company proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

The term of office for each non-executive and independent non-executive director is the period up to his retirement by rotation in accordance with the Company's Articles of Association.

DIRECTORS' INTERESTS IN SECURITIES

At 31 March 2010, the interests of the directors and their associates in the shares of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

	Number of issued ordinary shares of the Company held (long position)				Percentage of issued share capital
Name of director	**Personal interests**	**Family interests**	**Corporate interests**	**Total**	**of the Company**
Mr. Lu Sin	4,400,000	2,589,500 [1]	59,553,445 [2]	66,542,945	49.29%
Mr. Lui Chi Lung	947,884	–	–	947,884	0.70%
Mr. Lu Wing Yee, Wayne	6,522,420	–	23,440 [3]	6,545,860	4.85%
Mr. Lam Ming Leung	10,000	–	–	10,000	–

Notes:

1. Mr. Lu Sin was deemed to be interested in these 2,589,500 shares which were held by his spouse, Ms. Chan Koon Fung personally.

2. Mr. Lu Sin was deemed to be interested in these 59,553,445 shares which comprise:

   (i) 47,203,445 shares held through Kian Nan Financial Limited. Kian Nan Financial Limited was 63.27% held by Lusin and Company Limited which in turn was 70% controlled by Mr. Lu Sin;

   (ii) 2,000,000 shares held through Lusin and Company Limited which was 70% controlled by Mr. Lu Sin; and

   (iii) 10,350,000 shares held through Earngold Limited of which Mr. Lu Sin and his spouse, Ms. Chan Koon Fung, indirectly owned in aggregate 50% of the issued share capital.

3. Mr. Lu Wing Yee, Wayne was deemed to be interested in these 23,440 shares through a company, which was 100% controlled by himself.

Other than as disclosed above, none of the directors, chief executives nor their associates had any interests or short positions in any shares or underlying shares of the Company or its associated corporations as defined in Part XV of the SFO at 31 March 2010.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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. In addition, none of the directors, or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right during the year.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed in note 28 to the financial statements, no contract of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

At 31 March 2010, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that, other than the interests of certain directors disclosed under the section headed "Directors' Interests in Securities" above, the following shareholders had notified the Company of their relevant interests in the issued share capital of the Company:

	Number of issued ordinary shares held		Percentage of issued share capital
Name of substantial shareholder	**Direct interest**	**Indirect interest**	**of the Company**
Eaver Company Limited	2,007,628	47,203,445 [1]	36.45%
Lusin and Company Limited	2,000,000	47,203,445 [1]	36.45%
Kian Nan Financial Limited	47,203,445	–	34.97%
Fu Nan Enterprises Company Limited	11,999,661	–	8.89%
Earngold Limited	10,350,000	–	7.67%

Notes:

1. Eaver Company Limited and Lusin and Company Limited were deemed to be interested in 47,203,445 shares of the Company by virtue of their 34.73% and 63.27% shareholding in Kian Nan Financial Limited respectively.

2. Ms. Chan Koon Fung, the spouse of Mr. Lu Sin, was taken to be interested in a total of 66,542,945 shares of the Company, representing approximately 49% of the issued shares of the Company, which comprise her personal interest and Mr. Lu Sin's interests in the shares of the Company as disclosed in the section headed "Directors' Interests in Securities" above.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company at 31 March 2010.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's largest customer accounted for 9% (2009: 8%) of its turnover.

The aggregate sales attributable to the Group's five largest customers accounted for 33% (2009: 30%) of the Group's total turnover.

In addition, the nature of the activities of the Group is such that no major supplier contributed significantly to the Group's purchases.

At no time during the year did the directors, their associates or any shareholders (which to the knowledge of the directors own more than 5% of the Company's share capital) have any interest in any of the Group's five largest customers.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

Directors' Report

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company considers all of the independent non-executive directors are independent.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up and reviewed from time to time by the Remuneration and Nomination Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration and Nomination Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the directors, the Company has maintained a sufficient public float throughout the year ended 31 March 2010.

DONATIONS

During the year, the Group made charitable and other donations amounting to HK$316,000.

CORPORATE GOVERNANCE

The Board of the Company are committed to maintain high standards of corporate governance. The Company has complied throughout the year ended 31 March 2010 with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, with exception of deviation. Detailed information on the Company's corporate governance practices is set out in the Corporate Governance Report contained in pages 8 to 12 of the Annual Report.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Lu Sin
Chairman

Hong Kong, 29 June 2010

Independent Auditor's Report

Deloitte.
德勤

TO THE MEMBERS OF SAFETY GODOWN COMPANY, LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Safety Godown Company, Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 18 to 51, which comprise the consolidated and the Company's statements of financial position as at 31 March 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2010 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 29 June 2010

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Turnover	4	**95,106**	109,786
Income from godown operations		**17,996**	23,914
Income from property investment		**76,227**	82,718
Gains (losses) on investments			
Fair value gain (loss) on investments held for trading		**12,894**	(10,871)
Impairment loss on available-for-sale investments		**–**	(7,568)
Interest income		**41**	2,071
Dividend income		**842**	1,083
Other income		**4,451**	1,873
Increase (decrease) in fair value of investment properties	12	**210,809**	(264,075)
Staff costs		**(21,609)**	(20,263)
Depreciation of property, plant and equipment		**(1,962)**	(1,902)
Release of prepaid lease payments		**(226)**	(227)
Other expenses		**(8,929)**	(13,155)
Profit (loss) before taxation	8	**290,534**	(206,402)
Taxation	9	**(46,073)**	39,456
Profit (loss) for the year attributable to owners of the Company		**244,461**	(166,946)
Other comprehensive income (expense)			
Fair value gain (loss) of available-for-sale investments		**9,873**	(18,218)
Revaluation surplus on transfer of owner-occupied property to investment properties		**1,714**	–
Deferred tax on revaluation surplus on transfer of owner-occupied property to investment properties		**(283)**	–
Impairment loss on available-for-sale investments recognised in profit or loss		**–**	7,568
Effect on change in tax rate in respect of deferred tax on revaluation surplus		**–**	745
Other comprehensive income (expense) for the year (net of tax)		**11,304**	(9,905)
Total comprehensive income (expense) for the year attributable to owners of the Company		**255,765**	(176,851)
Earnings (loss) per share – Basic	11	**HK$1.81**	(HK$1.24)

Statements of Financial Position

At 31 March 2010

	Notes	THE GROUP 2010 HK$'000	THE GROUP 2009 HK$'000	THE COMPANY 2010 HK$'000	THE COMPANY 2009 HK$'000
Non-current assets					
Investment properties	12	**1,369,375**	1,143,600	**–**	–
Property, plant and equipment	13	**7,814**	8,499	**735**	301
Prepaid lease payments	14	**10,264**	10,490	**–**	–
Investments in subsidiaries	15	**–**	–	**30,031**	30,031
Amount due from a subsidiary	19	**–**	–	**548,728**	575,987
Available-for-sale investments	16	**24,652**	14,779	**24,652**	14,779
		1,412,105	1,177,368	**604,146**	621,098
Current assets					
Prepaid lease payments	14	**227**	227	**–**	–
Investments held for trading	17	**61,518**	18,726	**4,242**	3,953
Trade and other receivables	18	**8,979**	8,326	**2,703**	2,749
Amounts due from subsidiaries	19	**–**	–	**101,488**	60,816
Tax recoverable		**861**	338	**–**	–
Bank deposits	20	**156,732**	184,792	**152,703**	179,923
Bank balances and cash	20	**68,797**	36,861	**58,258**	33,218
		297,114	249,270	**319,394**	280,659
Current liabilities					
Other payables	21	**29,692**	30,310	**5,215**	5,433
Amounts due to subsidiaries	21	**–**	–	**20,472**	9,060
Tax payable		**2,006**	1,397	**1,272**	–
		31,698	31,707	**26,959**	14,493
Net current assets		**265,416**	217,563	**292,435**	266,166
		1,677,521	1,394,931	**896,581**	887,264
Capital and reserves					
Share capital	22	**135,000**	135,000	**135,000**	135,000
Reserves	23	**1,389,741**	1,144,776	**760,406**	750,988
Equity attributable to owners of the Company		**1,524,741**	1,279,776	**895,406**	885,988
Non-current liabilities					
Deferred tax liabilities	24	**150,423**	112,857	**–**	–
Provision for long service payments	25	**2,357**	2,298	**1,175**	1,276
		152,780	115,155	**1,175**	1,276
		1,677,521	1,394,931	**896,581**	887,264

The financial statements on pages 18 to 51 were approved and authorised for issue by the Board of Directors on 29 June 2010 and are signed on its behalf by:

Lu Sin
Director

Oen Min Tjin
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2010

	Share capital *HK$'000*	Share premium *HK$'000*	Investment revaluation reserve *HK$'000*	Property revaluation reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
At 1 April 2008	135,000	43,216	10,650	61,442	1,231,969	1,482,277
Loss for the year	–	–	–	–	(166,946)	(166,946)
Fair value loss of available-for-sale investments	–	–	(18,218)	–	–	(18,218)
Impairment loss on available-for-sale investments recognised in profit or loss	–	–	7,568	–	–	7,568
Effect on change in tax rate in respect of deferred tax on revaluation surplus	–	–	–	745	–	745
Total comprehensive (expense) income for the year	–	–	(10,650)	745	(166,946)	(176,851)
Dividends paid *(note 10)*	–	–	–	–	(25,650)	(25,650)
At 31 March 2009	135,000	43,216	–	62,187	1,039,373	1,279,776
Profit for the year	–	–	–	–	244,461	244,461
Fair value gain of available-for-sale investments	–	–	9,873	–	–	9,873
Revaluation surplus on transfer of owner-occupied property to investment properties	–	–	–	1,714	–	1,714
Deferred tax on revaluation surplus on transfer of owner-occupied property to investment properties	–	–	–	(283)	–	(283)
Total comprehensive income for the year	–	–	9,873	1,431	244,461	255,765
Dividends paid *(note 10)*	–	–	–	–	(10,800)	(10,800)
At 31 March 2010	135,000	43,216	9,873	63,618	1,273,034	1,524,741

Consolidated Statement of Cash Flows

For the year ended 31 March 2010

	2010 HK$'000	2009 HK$'000
Operating activities		
Profit (loss) before taxation	**290,534**	(206,402)
Adjustments for:		
(Increase) decrease in fair value of investment properties	**(210,809)**	264,075
Fair value (gain) loss on investments held for trading	**(9,339)**	6,312
Impairment loss on available-for-sale investments	**–**	7,568
Depreciation of property, plant and equipment	**1,962**	1,902
Release of prepaid lease payments	**226**	227
Impairment loss recognised on trade receivables	**57**	–
Provision for long service payments	**920**	143
Operating cash flows before movements in working capital	**73,551**	73,825
Increase in trade and other receivables	**(710)**	(460)
Increase in investments held for trading	**(33,453)**	(13,982)
Decrease in other payables	**(618)**	(832)
Decrease in provision for long service payments	**(861)**	(382)
Cash generated from operations	**37,909**	58,169
Income tax paid	**(8,704)**	(10,940)
Net cash from operating activities	**29,205**	47,229
Investing activities		
Purchase of property, plant and equipment	**(2,163)**	(387)
Addition of investment properties	**(12,366)**	(35,475)
Decrease in bank deposits	**28,060**	22,585
Net cash from (used in) investing activities	**13,531**	(13,277)
Cash used in financing activity		
Dividends paid	**(10,800)**	(25,650)
Net increase in cash and cash equivalents	**31,936**	8,302
Cash and cash equivalents at beginning of the year	**36,861**	28,559
Cash and cash equivalents at end of the year,	**68,797**	36,861
Analysis of cash and cash equivalents		
Bank balances and cash	**68,797**	36,861

1. GENERAL INFORMATION

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are disclosed in the section headed "Corporate Information" in the annual report.

The Company is engaged in investment holding, treasury investment and the operation of public godowns. The principal activities of its principal subsidiaries are set out in note 32.

The financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

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

In the current year, the Group and the Company have applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are or have become effective.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers

Except as described below, the adoption of the new and revised HKFRSs had no material effect on the financial statements of the Group and the Company for the current or prior accounting periods.

HKAS 1 (Revised 2007) "Presentation of Financial Statements" has introduced a number of terminology changes and has resulted in a number of changes in the format and content of the financial statements.

HKFRS 8 "Operating Segments" is a disclosure standard that has not resulted in a redesignation of the Group's reportable segments (see note 5) nor changes in the basis of measurement of segment profit or loss, segment assets and segment liabilities.

Amendments to HKFRS 7 Financial Instruments: Disclosures "Improving Disclosures about Financial Instruments" expands the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

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

The Group and the Company have not early adopted the following new or revised standards, amendments and interpretations that have been issued but are not yet effective.

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

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
[3] Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
[4] Effective for annual periods beginning on or after 1 January 2011
[5] Effective for annual periods beginning on or after 1 February 2010
[6] Effective for annual periods beginning on or after 1 January 2010
[7] Effective for annual periods beginning on or after 1 January 2013
[8] Effective for annual periods beginning on or after 1 July 2010

The adoption of *HKFRS 3 (Revised) "Business Combinations"* may affect the Group's accounting for business combination for which the acquisition date is on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from the Group's financial year beginning 1 April 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of *HKAS 39 "Financial Instruments: Recognition and Measurement"* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's and the Company's financial assets.

In addition, as part of *Improvements to HKFRSs* issued in 2009, *HKAS 17 "Leases"* has been amended in relation to the classification of leasehold land. The amendments will be effective from the Group's financial year beginning 1 April 2010, with earlier application permitted. Before the amendments to HKAS 17, lessees were required to classify leasehold land as operating leases and present them as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land.

The directors of the Company anticipate that the application of the other new or revised standards, amendments or interpretations will have no material impact on the consolidated financial statements of the Group and financial position of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA and the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange. The significant accounting policies adopted are below:

Basis of preparation of the consolidated financial statements

The consolidated financial statements for the year ended 31 March 2010 comprise the Company and its subsidiaries.

The preparation of the consolidated financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates with a significant risk of material adjustment in the next financial year are discussed in note 31.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised profits but only to the extent that there is no evidence of impairment.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses. Results of subsidiaries are accounted for by the Company on the basis of dividends received or receivable during the year.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

Godown operation income is recognised on an accrual basis when the godown facilities are utilised and services are rendered.

For income from investment properties, please see accounting policy headed by "Leasing" below.

Sale of trading securities is recognised on a trade-date basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost or at fair value upon the transfer from property, plant and equipment, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

If an item of property, plant and equipment and the relevant prepaid lease payments becomes an investment property because its use has changed as evidenced by end of owner-occupation, any excess of fair value of that item over the carrying amount at the date of transfer is recognised in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year in which the item is derecognised.

Property, plant and equipment

Property, plant and equipment are carried at cost less subsequent accumulated depreciation and accumulated impairment loss.

Depreciation is provided to write off the cost of the items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the year in which the item is derecognised.

Impairment of tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. 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.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Company's and consolidated statements of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's and the Company's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. 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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees 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, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debts instruments.

Financial assets at fair value through profit or loss

Financial assets at FVTPL represent financial assets held for trading. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group and the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables and amounts due from subsidiaries) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter into bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and amounts due from subsidiaries, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable and amounts due from subsidiaries are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees 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 liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group and the Company 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 sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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 recorded in the respective functional currency (that is the currency of the primary economic environment in which the entity operates) at the rates of exchanges 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 on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

Taxation 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 consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's and the Company'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 temporary differences between the carrying amounts of assets and liabilities in the Company's and consolidated 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 differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Leasehold land and building

The land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are classified as prepaid lease payments under operating leases, which are carried at cost and released to profit or loss over the lease term on a straight-line basis, except for those that are classified and accounted for as investment properties under the fair value model. Where the allocation between the land and buildings elements cannot be made reliably, the entire lease is generally treated as a financial lease and accounted for as property, plant and equipment.

Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans, other post-employment benefits and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

4. TURNOVER

Turnover represents the following revenue recognised during the year:

	2010	2009
	HK$'000	*HK$'000*
Income from godown operations	**17,996**	23,914
Income from property investment	**76,227**	82,718
Dividend income from listed investments	**842**	1,083
Interest income	**41**	2,071
	95,106	109,786

5. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 April 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor standard (HKAS 14 "*Segment Reporting*") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. The application of HKFRS 8 has not resulted in a redesignation of the Group's operating segments as compared with the primary segments determined in accordance with HKAS 14.

Consistently to prior years, segment information reported externally was analysed on the basis of the operation of the Group's businesses, including godown operations, property investment and treasury investment, which is the information reported to the chief operating decision maker, Chairman of the Company, for the purposes of resources allocation and performance assessment of each operating segments. The Group's operating segments under HKFRS 8 are therefore as follows:

Godown operations – Operation of godown
Property investment – Leasing of investment properties
Treasury investment – Securities trading and investment

Segment information about these operating segments is presented below:

For the year ended 31 March 2010

	Godown operations	**Property investment**	**Treasury investment**	**Segment total**	**Eliminations**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Turnover						
External revenue	**17,996**	**76,227**	**883**	**95,106**	**–**	**95,106**
Inter-segment revenue	**–**	**4,559**	**–**	**4,559**	**(4,559)**	**–**
Total	**17,996**	**80,786**	**883**	**99,665**	**(4,559)**	**95,106**

Inter-segment revenue is charged based on market/concessionary rates.

5. SEGMENT INFORMATION (Continued)

	Godown operations *HK$'000*	Property investment *HK$'000*	Treasury investment *HK$'000*	Segment total *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Segment result	5,178	63,424	16,359	84,961	–	84,961
Increase in fair value of investment properties						210,809
Central administrative costs						(5,236)
Profit before taxation						290,534
Taxation						(46,073)
Profit for the year attributable to owners of the Company						244,461

	Godown operations *HK$'000*	Property investment *HK$'000*	Treasury investment *HK$'000*	Consolidated *HK$'000*
Assets				
Segment assets	22,525	1,374,134	242,902	1,639,561
Bank balances and cash				68,797
Unallocated other assets				861
Consolidated total assets				1,709,219
Liabilities				
Segment liabilities	7,929	22,539	724	31,192
Deferred tax liabilities				150,423
Unallocated other liabilities				2,863
Consolidated total liabilities				184,478

	Godown operations *HK$'000*	Property investment *HK$'000*	Treasury investment *HK$'000*	Segment/ consolidated total *HK$'000*
Other information				
Amounts included in the measure of segment profit or loss or segments assets				
Capital expenditure	2,146	12,383	–	14,529
Depreciation of property, plant and equipment	1,943	19	–	1,962
Release of prepaid lease payments	226	–	–	226
Impairment loss on trade receivables	57	–	–	57
Fair value gain on investments held for trading	–	–	9,339	9,339
Provision for long service payments	307	613	–	920

5. SEGMENT INFORMATION (Continued)

For the year ended 31 March 2009

	Godown operations *HK$'000*	Property investment *HK$'000*	Treasury investment *HK$'000*	Segment total *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Turnover						
External revenue	23,914	82,718	3,154	109,786	–	109,786
Inter-segment revenue	–	5,676	–	5,676	(5,676)	–
Total	23,914	88,394	3,154	115,462	(5,676)	109,786

Inter-segment revenue is charged based on market/concessionary rates.

	Godown operations *HK$'000*	Property investment *HK$'000*	Treasury investment *HK$'000*	Segment total *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Segment result	9,385	71,499	(18,207)	62,677	–	62,677
Decrease in fair value of investment properties						(264,075)
Central administrative costs						(5,004)
Loss before taxation						(206,402)
Taxation						39,456
Loss for the year attributable to owners of the Company						(166,946)

	Godown operations *HK$'000*	Property investment *HK$'000*	Treasury investment *HK$'000*	Consolidated *HK$'000*
Assets				
Segment assets	23,077	1,148,065	218,297	1,389,439
Bank balances and cash				36,861
Unallocated other assets				338
Consolidated total assets				1,426,638
Liabilities				
Segment liabilities	8,176	23,816	–	31,992
Deferred tax liabilities				112,857
Unallocated other liabilities				2,013
Consolidated total liabilities				146,862

5. SEGMENT INFORMATION (Continued)

	Godown operations *HK$'000*	Property investment *HK$'000*	Treasury investment *HK$'000*	Segment/ consolidated total *HK$'000*
Other information				
Amounts included in the measure of segment profit or loss or segments assets				
Capital expenditure	387	35,475	–	35,862
Depreciation of property, plant and equipment	1,808	94	–	1,902
Release of prepaid lease payments	227	–	–	227
Fair value loss on investments held for trading	–	–	6,312	6,312
Provision for long service payments	143	–	–	143
Impairment loss on available-for-sale investments	–	–	7,568	7,568

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. The adoption of HKFRS 8 has not changed the basis of measurement of segment revenue and segment profit. Segment profit/loss represents the profit earned/loss incurred by each segment without allocation of fair value changes in investment properties, central administrative costs, directors' salaries, certain other income and other expenses that are not directly related to the core business, finance costs and income tax expenses. This is the measure reported to the chief operating decision maker, Chairman of the Company, for the purposes of resources allocation and performance assessment.

The adoption of HKFRS 8 has not changed the basis of measurement of segment assets and liabilities. For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than the Group's corporate assets, other receivable and tax recoverable; and

- all liabilities are allocated to operating segments other than the Group's corporate liabilities, other payables, tax payable and deferred tax liabilities.

Information about major customers

The aggregate sales attributable to the Group's five largest customers accounted for 33% (2009: 30%) of the Group's total turnover. The sales attributed by each of these five largest customers are less than 10% of the Group's total revenue for both years.

Revenue from major services and investments

Analysis of the Group's revenue from its major services and investments are set out in note 4.

As all the business operations and non-current assets of the Group for both years are located and derived from Hong Kong, geographical segment information is not presented in these financial statements.

6. DIRECTORS' EMOLUMENTS

The emoluments paid or payable during the year to each of the nine (2009: nine) directors were as follows:

Name of directors	Lu Sin	Lui Chi Lung	Lu Wing Yee, Wayne	Oen Min Tjin	Lu Yong Lee	Lee Ka Sze, Carmelo	Gan Khai Choon	Lam Ming Leung	Leung Man Chiu, Lawrence	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2010										
Fees	**59**	**18**	**24**	**18**	**15**	**134**	**114**	**134**	**134**	**650**
Other emoluments										
Salaries and other benefits	**2,119**	**1,170**	**728**	**728**	**–**	**–**	**–**	**–**	**–**	**4,745**
Retirement benefits scheme contributions	**–**	**24**	**12**	**–**	**–**	**–**	**–**	**–**	**–**	**36**
Total emoluments	**2,178**	**1,212**	**764**	**746**	**15**	**134**	**114**	**134**	**134**	**5,431**
2009										
Fees	69	15	6	15	15	126	109	129	129	613
Other emoluments										
Salaries and other benefits	2,119	1,170	152	728	–	–	–	–	–	4,169
Retirement benefits scheme contributions	–	24	3	–	–	–	–	–	–	27
Total emoluments	2,188	1,209	161	743	15	126	109	129	129	4,809

Notes:

1. No directors waived any emoluments during the year ended 31 March 2010.

2. During the year ended 31 March 2009, three of the four executive directors, Mr. Lu Sin, Mr. Oen Min Tjin and Mr. Lu Wing Yee, Wayne have waived one month's salary to alleviate the operating pressure from the financial crisis. Mr. Lui Chi Lung did not participate in this arrangement due to personal reasons.

7. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, four (2009: three) were executive directors of the Company whose emoluments are included in note 6 above. The emoluments of the remaining one (2009: two) individual(s) were as follows:

	2010	2009
	HK$'000	*HK$'000*
Salaries and other benefits	**491**	879
Retirement benefits scheme contributions	**12**	24
	503	903

The aggregate emoluments for each of the above-mentioned one (2009: two) employee(s) during the year were less than HK$1,000,000.

8. PROFIT (LOSS) BEFORE TAXATION

	2010	2009
	HK$'000	*HK$'000*
Profit (loss) before taxation has been arrived at after charging:		
Auditor's remuneration		
– audit service	**813**	698
– non-audit service	**202**	187
Impairment loss recognised on trade receivables (included in other expenses)	**57**	–
Exchange loss, net (included in other expenses)	**–**	2,654
and after crediting:		
Gross rental income from investment properties	**76,227**	82,718
Less: direct operating expenses for investment properties that generated rental income during the year	**(2,100)**	(1,844)
Net rental income	**74,127**	80,874
Dividend income from listed securities		
– available-for-sale investments	**637**	892
– investments held for trading	**205**	191
Interest income	**41**	2,071
Exchange gain, net (included in other income)	**2,845**	–

9. TAXATION

	2010	2009
	HK$'000	*HK$'000*
The charge (credit) comprises:		
Hong Kong Profits Tax		
Current year	**8,775**	8,567
Under (over) provision in prior years	**15**	(269)
	8,790	8,298
Deferred taxation (note 24)		
Current year	**37,283**	(39,279)
Effect on change in tax rate	**–**	(8,475)
	37,283	(47,754)
	46,073	(39,456)

Hong Kong Profits Tax is calculated at 16.5% (2009: 16.5%) of the estimated assessable profit for the year.

9. TAXATION (Continued)

The tax charge (credit) for the year can be reconciled to the profit (loss) before taxation per the consolidated statement of comprehensive income as follows:

	2010	2009
	HK$'000	*HK$'000*
Profit (loss) before taxation	**290,534**	(206,402)
Tax at the domestic income tax rate of 16.5% (2009: 16.5%)	**47,938**	(34,056)
Tax effect of expenses not deductible for tax purpose	**140**	1,374
Tax effect of income not taxable for tax purpose	**(145)**	(517)
Tax effect of tax losses not recognised	**34**	1,234
Tax effect of deductible temporary differences not recognised	**–**	1,210
Tax effect of utilisation of deductible temporary differences previously not recognised	**(702)**	(12)
Tax effect of utilisation of tax losses previously not recognised	**(1,287)**	(8)
Effect on change in tax rate	**–**	(8,475)
Under (over) provision in prior years	**15**	(269)
Others	**80**	63
Tax charge (credit) for the year	**46,073**	(39,456)

10. DIVIDENDS

	2010	2009
	HK$'000	*HK$'000*
Interim dividend paid in respect of 2010 – HK4 cents (2009: HK4 cents) per ordinary share	**5,400**	5,400
Final dividend paid in respect of 2009 – HK4 cents (2008: HK7 cents) per ordinary share	**5,400**	9,450
Special dividend paid in respect of 2009 – nil (2008: HK8 cents) per ordinary share	**–**	10,800
	10,800	25,650
Dividend proposed:		
Final dividend – HK7 cents (2009: HK4 cents) per ordinary share	**9,450**	5,400
Special dividend for 50th anniversary – HK18 cents (2009: nil) per ordinary share	**24,300**	–
	33,750	5,400

A final dividend of HK7 cents per share, amounting to HK$9,450,000 and a special dividend for 50th anniversary of HK18 cents per share, amounting to HK$24,300,000 for the year have been proposed by the directors and is subject to the approval by shareholders in the forthcoming annual general meeting.

11. EARNINGS (LOSS) PER SHARE – BASIC

The calculation of basic earnings (loss) per share is based on the profit for the year attributable to owners of the Company of HK$244,461,000 (2009: loss for the year attributable to owners of the Company of HK$166,946,000) and on 135,000,000 shares in issue throughout both years.

No diluted earnings (loss) per share has been presented as there were no dilutive potential ordinary shares in issue in both years.

12. INVESTMENT PROPERTIES

	THE GROUP *HK$'000*
AT FAIR VALUE	
At 1 April 2008	1,372,200
Additions	35,475
Decrease in fair value	(264,075)
At 31 March 2009	1,143,600
Additions	12,366
Transfer from property, plant and equipment	2,600
Increase in fair value	210,809
At 31 March 2010	1,369,375

The fair values of the Group's major investment properties at 31 March 2010 amounting to HK$1,347,400,000 (2009: HK$1,143,600,000) have been arrived at on the basis of valuations carried out on that date by Messrs. Jones Lang LaSalle Limited or A A Property Services Limited, Chartered Surveyors, independent qualified professional valuers not connected with the Group. The directors of Messrs. Jones Lang LaSalle Limited and A A Property Services Limited, Chartered Surveyors, who carried out the valuation, are members of the Hong Kong Institute of Surveyors. The valuations were arrived at by reference to market evidence of recent transaction prices for similar properties and/or on the basis of discounted cash flow projections based on estimates of future rental income from properties using current market rentals and yields as inputs.

The fair values of the Group's investment properties as at 31 March 2010 amounting to HK$21,974,000 (2009: Nil) have been determined by the directors of the Company. No valuation has been performed by independent qualified professional valuers. The valuation performed by the directors of the Company was arrived at by reference to market evidence of recent transaction prices for similar properties and/or on the basis of discounted cash flow projections based on estimates of future rental income from properties using current market rentals and yields as inputs.

The revaluation gave rise to a gain arising from changes in fair value of HK$210,809,000 (2009: loss of HK$264,075,000) which has been included the consolidated statement of comprehensive income.

During the year, certain owned properties had become in vestment properties because the Group had rented out the properties to an independent third party to earn rentals and/or for capital appreciation. Accordingly, the carrying amounts of the relevant owned properties had been transferred from property, plant and equipment to investment properties on 16 April 2009 (the date of commencement of operating lease). The excess of the fair value of those owned properties over the carrying amounts at the date of transfer of HK$1,714,000 (2009: Nil) was recognised in property revaluation reserve.

All the investment properties of the Group are rented out under operating leases.

12. INVESTMENT PROPERTIES (Continued)

The carrying amount of investment properties comprises properties on land in Hong Kong as follows:

	2010	2009
	HK$'000	*HK$'000*
Long leases	**312,000**	265,500
Medium-term leases	**1,057,375**	878,100
	1,369,375	1,143,600

13. PROPERTY, PLANT AND EQUIPMENT

	Godown premises in Hong Kong held under long leases	**Godown premises in Hong Kong held under medium-term leases**	**Leasehold improvements, furniture, fixtures and equipment**	**Motor vehicles**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
THE GROUP					
COST					
At 1 April 2008	24,492	32,975	20,759	2,126	80,352
Additions	–	–	200	187	387
Write off	–	–	(527)	–	(527)
At 31 March 2009	24,492	32,975	20,432	2,313	80,212
Additions	1,259	–	904	–	2,163
Transfer to investment properties	–	(2,393)	–	–	(2,393)
Write off	–	–	(2,289)	–	(2,289)
At 31 March 2010	25,751	30,582	19,047	2,313	77,693
DEPRECIATION					
At 1 April 2008	21,589	26,920	19,867	1,962	70,338
Provided for the year	980	214	578	130	1,902
Eliminated on write off	–	–	(527)	–	(527)
At 31 March 2009	22,569	27,134	19,918	2,092	71,713
Provided for the year	1,031	190	611	130	1,962
Eliminated upon transfer to investment properties	–	(1,507)	–	–	(1,507)
Eliminated on write off	–	–	(2,289)	–	(2,289)
At 31 March 2010	23,600	25,817	18,240	2,222	69,879
CARRYING VALUES					
At 31 March 2010	2,151	4,765	807	91	7,814
At 31 March 2009	1,923	5,841	514	221	8,499

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Furniture, fixtures and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
THE COMPANY			
COST			
At 1 April 2008	6,505	333	6,838
Additions	53	–	53
Write off	(462)	–	(462)
At 31 March 2009	6,096	333	6,429
Additions	887	–	887
Write off	(2,289)	–	(2,289)
At 31 March 2010	4,694	333	5,027
DEPRECIATION			
At 1 April 2008	6,133	166	6,299
Provided for the year	208	83	291
Eliminated on write off	(462)	–	(462)
At 31 March 2009	5,879	249	6,128
Provided for the year	369	84	453
Eliminated on write off	(2,289)	–	(2,289)
At 31 March 2010	3,959	333	4,292
CARRYING VALUES			
At 31 March 2010	735	–	735
At 31 March 2009	217	84	301

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and/or buildings of godown premises in Hong Kong	Shorter of the useful life of the buildings or the unexpired term of the land lease
Leasehold improvements, furniture, fixtures and equipment	25% per annum
Motor vehicles	25% per annum

At 31 March 2010, the cost of fully depreciated property, plant and equipment of the Group and the Company that is still in use amounted to HK$19,652,000 (2009: HK$20,071,000) and HK$3,900,000 (2009: HK$5,503,000) respectively.

14. PREPAID LEASE PAYMENTS

The prepaid lease payments represent leasehold interest in land in Hong Kong held under long leases and are analysed for reporting purposes as:

	THE GROUP	
	2010	2009
	HK$'000	*HK$'000*
Prepaid lease payments classified under:		
Current assets	**227**	227
Non-current assets	**10,264**	10,490
	10,491	10,717

15. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2010	2009
	HK$'000	*HK$'000*
Unlisted shares, at cost	**31,780**	31,780
Less: Impairment loss recognised	**(1,749)**	(1,749)
	30,031	30,031

Details of the principal subsidiaries at 31 March 2010 and 31 March 2009 are set out in note 32.

16. AVAILABLE-FOR-SALE INVESTMENTS

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Equity securities listed in Hong Kong, at fair value based on quoted market bid prices	**24,652**	14,779	**24,652**	14,779

17. INVESTMENTS HELD FOR TRADING

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Equity securities listed in Hong Kong, at fair value based on quoted market bid prices	**61,518**	18,726	**4,242**	3,953

18. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables	**3,186**	3,646	**1,894**	2,782
Less: allowance for doubtful debts	**(75)**	(588)	**–**	(570)
	3,111	3,058	**1,894**	2,212
Other receivables	**3,696**	3,501	**244**	14
Prepayments and deposits	**2,172**	1,767	**565**	523
	8,979	8,326	**2,703**	2,749

The aged analyses of trade customers of the Group and the Company presented based on the billing date are as follows:

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within 60 days	**2,823**	2,873	**1,683**	2,027
61-90 days	**285**	149	**208**	149
Over 90 days	**3**	36	**3**	36
	3,111	3,058	**1,894**	2,212

The Group and the Company have a policy of allowing credit period of 60 days to its customers in respect of godown operations and 30 days for tenants. Usually, the Group makes billing in advance to its tenants in respect of the property rental business.

While the Group and the Company have the rights to charge godown business customers and tenants for overdue balance on receivables, as stipulated in account opening agreement, godown warrant and lease agreement, no interest is charged on the trade customers on the outstanding balances for both years. Allowances for doubtful debts are made based on estimated irrecoverable amounts, determined by reference to the age of the debts, customers' current ability to pay, and the economic environment in which the customers operate.

Before accepting any new customer, the Group will assess the potential customer's credit quality. Credit limits allowed to customers are reviewed once a year.

Included in the Group's and the Company's trade receivables balance are debtors with an aggregate carrying amount of HK$288,000 (2009: HK$185,000) and HK$211,000 (2009: HK$185,000) respectively and which are past due by 1 to 60 days at the reporting date for which the Group and the Company have not provided for impairment loss. 2 to 3 months' deposits are required from tenants as security for their performance under the tenancy agreements. The Group and the Company do not hold any collateral from its other customers.

Trade receivables which are neither past due nor impaired are recoverable in full.

18. TRADE AND OTHER RECEIVABLES (Continued)

Movement in the allowance of doubtful debts

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
At beginning of the year	**588**	588	**570**	570
Impairment loss recognised	**57**	–	**–**	–
Amounts written off as uncollectible	**(570)**	–	**(570)**	–
At end of the year	**75**	588	**–**	570

19. AMOUNTS DUE FROM SUBSIDIARIES

Except for the amounts of HK$556,829,000 (2009: HK$584,087,000) and HK$3,958,000 (2009: HK$3,766,000) which bear variable rate interest at 1.5% (2009: 1.5%) per annum and at prime rate (2009: prime rate) per annum, respectively, the amounts due from subsidiaries are unsecured and interest-free.

Included in the carrying amount of the amounts due from subsidiaries as at 31 March 2010 is accumulated impairment loss of HK$22,438,667 (2009: HK$22,438,667). No allowance (2009: HK$6,785,396) has been provided in the current year.

At 31 March 2010, the management determines that the amount due from a subsidiary of HK$548,728,000 (2009: HK$575,987,000) will not be repayable within one year and, accordingly, the amount is shown as non-current. The remaining balances are repayable on demand and expected to be recoverable within 12 months from the end of the reporting period.

20. BANK DEPOSITS/BANK BALANCES AND CASH

Bank deposits and bank balances are carrying variable interest rates ranging from 0.01% to 0.1% (2009: 0.01% to 7%) per annum.

21. FINANCIAL LIABILITIES

Financial liabilities include other payables and amounts due to subsidiaries. Amounts due to subsidiaries are unsecured, interest-free and repayable on demand. Other payables of the Group and the Company are shown as follows:

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Tenant's deposit	**20,624**	22,912	**–**	–
Deferred income	**2,092**	2,154	**1,411**	1,754
Others	**6,976**	5,244	**3,804**	3,679
	29,692	30,310	**5,215**	5,433

22. SHARE CAPITAL

	Number of shares	*HK$'000*
Ordinary shares of HK$1 each		
Authorised:		
At beginning and at end of the years 2009 and 2010	200,000,000	200,000
Issued and fully paid:		
At beginning and at end of the years 2009 and 2010	135,000,000	135,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meeting of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

23. RESERVES

	Share premium	**Investment revaluation reserve**	**Retained profits**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
THE COMPANY				
At 1 April 2008	43,216	18,220	691,234	752,670
Fair value losses of available-for-sale investments	–	(18,218)	–	(18,218)
Profit for the year	–	–	42,186	42,186
Total comprehensive (expense) income for the year	–	(18,218)	42,186	23,968
Dividends paid	–	–	(25,650)	(25,650)
At 31 March 2009	43,216	2	707,770	750,988
Fair value gains of available-for-sale investment	–	9,873	–	9,873
Profit for the year	–	–	10,345	10,345
Total comprehensive income for the year	–	9,873	10,345	20,218
Dividends paid	–	–	(10,800)	(10,800)
At 31 March 2010	43,216	9,875	707,315	760,406

At the end of the reporting period, the Company's reserves available for distribution to shareholders amounted to HK$566,202,000 (2009: HK$566,657,000) which is analysed as follows:

	2010	2009
	HK$'000	*HK$'000*
The Company's retained profits as stated above	**707,315**	707,770
Less: profit on transfer of property to a subsidiary	**(141,113)**	(141,113)
	566,202	566,657

24. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised by the Group and movements during the current and prior years:

	Fair value adjustment of investment properties *HK$'000*	Tax allowance on investment properties/ excess of tax allowance over depreciation on property, plant and equipment *HK$'000*	Total *HK$'000*
At 1 April 2008	128,192	33,164	161,356
(Credit) charge to profit or loss	(42,273)	2,994	(39,279)
Effect on change in tax rate			
– credit to profit or loss	(6,580)	(1,895)	(8,475)
– credit to other comprehensive expense	(745)	–	(745)
At 31 March 2009	78,594	34,263	112,857
Charge to profit or loss	34,157	3,126	37,283
Charge to other comprehensive income	283	–	283
At 31 March 2010	113,034	37,389	150,423

At 31 March 2010, the Group had unused tax losses of HK$9,572,000 (2009: HK$17,372,000) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. In addition, the Group has deductible temporary differences of HK$3,671,000 (2009: HK$7,925,000) for which no deferred tax has been recognised due to the same reason.

The Company did not have any significant unprovided deferred taxation arising during the year or at the end of the reporting period.

25. PROVISION FOR LONG SERVICE PAYMENTS

The Group did not have any formal retirement scheme before participating in the Mandatory Provident Fund Scheme, but makes provision for long service payments on an annual basis. The directors are of the opinion that the provision at the end of the reporting period is sufficient to cover the Group's probable obligations. The level of such provision will be reviewed on an annual basis and adjusted as appropriate.

Movements in the provision for long service payments during the year are as follows:

	THE GROUP		THE COMPANY	
	2010 ***HK$'000***	2009 *HK$'000*	**2010** ***HK$'000***	2009 *HK$'000*
Balance brought forward	**2,298**	2,537	**1,276**	1,625
Additional provision	**920**	143	**307**	33
Utilisation during the year	**(861)**	(382)	**(408)**	(382)
Balance carried forward	**2,357**	2,298	**1,175**	1,276

25. PROVISION FOR LONG SERVICE PAYMENTS (Continued)

In addition to the provision for long service payments, the Group has contributed to the Mandatory Provident Fund Scheme for all employees commencing from 1 December 2000 and the amount charged for the year is HK$530,000 (2009: HK$579,000).

26. PLEDGE OF ASSETS

At 31 March 2010, the Group has pledged its investment properties and property, plant and equipment with carrying values of HK$93,000,000 (2009: HK$80,500,000) and HK$4,763,000 (2009: HK$4,953,000), respectively, to a bank to secure a general banking facility to the extent of HK$69,000,000 (2009: HK$69,000,000) granted to the Group. At 31 March 2009 and 31 March 2010, such facility was not utilised by the Group.

27. OPERATING LEASE ARRANGEMENTS

The Group as lessor:

Property rental income earned during the year was HK$76,227,000 (2009: HK$82,718,000). The properties held have committed tenants for terms ranging from six months to three years.

At the end of the reporting period, the Group had contracted with tenants for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	THE GROUP	
	2010	2009
	HK$'000	*HK$'000*
Within one year	**59,257**	66,907
In the second to fifth year inclusive	**43,239**	51,438
	102,496	118,345

At the end of the reporting period, the Company as lessee did not have any significant operating lease commitment.

28. RELATED PARTY TRANSACTIONS

During the year, the Group and the Company received a reimbursement of expenses amounting to HK$240,000 (2009: HK$240,000) from a company in which a director of the Company has a beneficial interest and is able to exercise significant influence. The reimbursement represents a share of expenses incurred in respect of the occupation of office premises and general administrative services provided to the related company.

The key management personnel of the Group are all directors. Details of their remuneration are disclosed in note 6. The remuneration of directors is determined by the Remuneration and Nomination Committee and/or the board of directors, having regard to the performance of the individuals and market trends.

The amounts due from/to subsidiaries are disclosed in the Company's statement of financial position, and notes 19 and 21.

29. 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 stakeholders through the optimisation of the equity balance.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital, retained profits and other reserves.

The management of the Group reviews the capital structure on a regular basis. As a part of this review, the management of the Group considers the cost of capital and the risks associated with issued share capital and will adjust its overall capital structure through dividend payments and issuing new shares.

There were no changes on the Group's objectives or policies on capital management during the year.

30. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial assets				
Loans and receivables	**232,336**	228,212	**863,315**	852,170
Available-for-sale investments	**24,652**	14,779	**24,652**	14,779
Investments held for trading	**61,518**	18,726	**4,242**	3,953

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial liabilities at amortised cost	**25,518**	26,888	**24,156**	12,674

Exposure of financial instruments to market, credit and liquidity risks arises in the normal course of the Group's business. These risks are mitigated by the Group's financial management policies and practices described in (b) below.

b. Financial risk management objectives and policies

The directors of the Company have overall responsibility for the establishment and oversight of the Group's and the Company's risk management framework. The Group's and the Company's risk management policies are established to identify and analyse the risks that may be faced by the Group and the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Group's and the Company's activities. The Group and the Company, through its training and management standards and procedures, has developed a disciplined and constructive control environment in which all employees understand their roles and obligations.

Details of the financial instruments are disclosed in the respective notes and the risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

There has been no change to the Group's and the Company's exposure to risks or the manner in which it manages and measures such risks.

30. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk

(i) Foreign currency risk

Certain bank deposits of the Group and the Company are denominated in foreign currencies which are different from the functional currency of the group entity to which they relate, that is, Hong Kong dollars, and therefore the Group and the Company are exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise. The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets at the reporting date are as follows:

	THE GROUP Assets		THE COMPANY Assets	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Japanese Yen	**62,468**	15,840	**62,468**	15,840
Australian dollars	**–**	23,862	**–**	23,862
United States dollars	**778**	777	**–**	–

The Hong Kong dollars is pegged to United States dollars and the management is of the opinion that the foreign exchange risk of the bank deposits denominated in United States dollars is insignificant.

The following table details the Group's and the Company's sensitivity to a 5% (2009: 5%) increase or decrease in Hong Kong dollars against the other relevant foreign currencies. 5% (2009: 5%) is the sensitivity rate used which represents management's assessment of a reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2009: 5%) change in foreign currency rates. A positive number below indicates an increase in profit/a decrease in loss for the year where Hong Kong dollars weakened 5% (2009: 5%)against the relevant currencies. For a 5% (2009: 5%) strengthening of Hong Kong dollars against the relevant currencies, there would be an equal and opposite impact on the profit/loss for the year, and the balances below would be negative.

	THE GROUP AND THE COMPANY			
	Japanese yen impact		Australian dollars impact	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Increase in the profit/ decrease in loss for the year	**2,605**	661	**–**	996

In management's opinion, the sensitivity analysis is for information purpose only and does not represent the interest foreign exchange risk exposure during the year.

30. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk

The Group's and the Company's cash flow interest rate risk relates primarily to bank deposits and certain variable rate amounts due from subsidiaries.

The management monitors the cash flow interest risk exposure and will take action should the need arise.

In view of current low-interest rate environment, the management is of the opinion that the interest rate risk on bank deposits and certain variable rate amounts due from subsidiaries is insignificant.

(iii) Price risk

The Group and the Company are exposed to equity security price risk through its available-for-sale investments and investments held for trading. The management manages this exposure by monitoring closely market fluctuations and maintaining a portfolio of investments with different risk profiles. The Group's and the Company's equity price risks are mainly concentrated on equity instruments quoted in the Stock Exchange. In addition, the Company has assigned a special team of personnel to monitor the prices of the investments and will consider hedging the risk exposure should the need arise.

The sensitivity analyses below have been determined based on the exposure to equity price on investments at the reporting date.

If the prices of the investments held for trading had been 10% (2009: 10%) higher/lower:

- the Group's profit for the year ended 31 March 2010 would both increase/decrease by HK$5,137,000 (2009: loss would decrease/increase by HK$1,564,000) as a result of the changes in fair value of investments held for trading; and

- the Company's profit for the year ended 31 March 2010 would both increase/decrease by HK$354,000 (2009: profit would increase/decrease by HK$330,000) as a result of the changes in fair value of investments held for trading.

If the prices of the available-for-sale investments had been 10% (2009: 10%) higher, the Group's and the Company's investment revaluation reserve would increase by HK$2,465,000 (2009: HK$1,478,000) as a result of the changes in fair value of available-for-sale investments.

If the prices of the available-for-sale investments had been 10% (2009: 10%) lower:

- the Group's and the Company's investment revaluation reserve at 31 March 2010 would decrease by HK$2,465,0000 as a result of the changes in fair value of available-for-sale investments; and

- the Group's and the Company's loss for the year ended 31 March 2009 would increase by HK$1,478,000 as a result of the changes in fair value of available-for-sale investments.

30. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk

The Group and the Company are exposed to credit risk that the counterparty to a financial instrument will cause a financial loss for the Group and the Company by failing to discharge its obligations.

The Group's and the Company's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 March 2010 in relation to each class of recognised financial assets is the carrying amount of those assets in the Company's and consolidated statements of financial position. The Group's and the Company's credit risk is primarily attributable to its trade receivables, other receivables and amounts due from subsidiaries. The amounts carried in the Company's and consolidated statements of financial position are net of allowances for doubtful receivables estimated by management based on the age of the debts, their knowledge of customers' credit-worthiness and current ability to pay, management's prior experience and their assessment of the current economic environment in which the customers operate. The management reviews the recoverable amounts of significant trade receivables and amounts due from subsidiaries regularly to ensure that adequate allowances for doubtful recovery are recognised if considered appropriate. The Group and the Company do not have any concentration of credit risk in their trade receivables as there is a large number of customers. In addition, the Company has a concentration of credit risk representing amounts due from a few subsidiaries which have a sound financial position.

The credit risk on the Group's and the Company's bank deposits is limited because the management considers that the counterparties have high credit ratings.

Liquidity risk

The ultimate responsibility for liquidity risk management rests with the directors of the Company, who have built an appropriate liquidity risk management framework for the management of the Group's and the Company's short, medium and long-term funding and liquidity requirements. The Group manages liquidity risk by maintaining adequate working capital, available banking facilities and will continuously monitor the forecast and actual cash flows.

The following tables detail the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	Non-interest-bearing			
	THE GROUP		**THE COMPANY**	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
0-1 year or on demand	**25,518**	26,888	**24,156**	12,674
Total undiscounted cash flows	**25,518**	26,888	**24,156**	12,674
Carrying amounts	**25,518**	26,888	**24,156**	12,674

30. FINANCIAL INSTRUMENTS (Continued)

c. Fair values

The fair values of financial assets and liabilities are determined as follows:

- The fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices.
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

Fair value measurements recognised in the Company's and consolidated statements of financial position

All of the Group and the Company's financial instruments that are measured subsequent to initial recognition at fair value, including listed equity securities which are classified as the Group and the Company's available-for-sale investments, the Group's investments held for trading and the Company's investments held for trading, amounting to HK$24,652,000, HK$61,518,000 and HK$4,242,000, respectively, are grouped under Level 1 fair value measurements. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

31. CRITICAL ACCOUNTING ESTIMATES

Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that can significantly affect the amounts recognised in the financial statements are disclosed below.

Key sources of estimation uncertainty

a. Fair value of investment properties

At the end of the reporting period, the Group's investment properties are carried at a total fair value of HK$1,369,375,000 (2009: HK$1,143,600,000) based on the valuations performed by independent qualified professional valuers and the directors of the Company. In determining the fair value, the valuers employ a market value basis which involves, inter-alia, certain estimates, including comparable market transactions, appropriate capitalization rates and reversionary income potential and redevelopment potential. 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. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the profit or loss.

b. Useful lives of property, plant and equipment

The management determines the estimated useful lives and related depreciation charges for its property, plant and equipment with a carrying amount of HK$7,814,000 (2009: HK$8,499,000). This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry activities. The management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

31. CRITICAL ACCOUNTING ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

c. Estimated provision for impairment of trade receivables

The Group makes impairment loss for doubtful debts based on an assessment of the recoverability of trade receivables with a carrying amount of HK$3,111,000 (2009: HK$3,058,000). Provisions are applied to trade receivables where events or changes in circumstances indicate that the balances may not be collectible/recoverable. The identification of doubtful debts requires the use of estimates based on the credit history of the customers and the current market conditions. Where the expectation is different from the original estimate, such difference will impact carrying value of receivables and doubtful debt expenses in the period in which such estimate has been changed.

32. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries at 31 March 2010 and 31 March 2009 are as follows:

Name of company	Place of incorporation/ registration	Paid-up capital	Proportion of nominal value of issued capital held by the Company		Principal activities
			2010	2009	
Chi Kee Investment Company Limited	Hong Kong	HK$500,000 Ordinary shares	100%	100%	Property investment
Chivas Godown Company Limited	Hong Kong	HK$10,000,000 Ordinary shares	100%	100%	Holding and operating godown, and property investment
Gaylake Limited	Hong Kong	HK$1,000 Ordinary shares	100%	100%	Property investment and holding godown
Genlink Development Limited	Hong Kong	HK$2 Ordinary shares	100%	100%	Property investment
Good Ready Investment Limited	Hong Kong	HK$2 Ordinary shares	100%	100%	Property investment
Rich China Development Limited	Hong Kong	HK$2 Ordinary shares	100%	100%	Securities trading
Telerich Corporate Services Limited	Hong Kong	HK$2 Ordinary shares	100%	100%	Investment holding

Notes:

1. The above table lists the major subsidiaries of the Group which, in the opinion of the directors, principally affect the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. All the subsidiaries have no debt securities subsisting at the end of the year or at any time during the year.

Particulars of Major Properties

Particulars of major properties which were held by the Group at 31 March 2010 are as follows:

(a) Industrial/godown premises in Hong Kong:

Location	Lease term	Effective interest held	Approximate floor area attributable to the Group *sq.ft.*	Type
The whole of Safety Godown (except 1/F, 2/F, 4/F and 5/F) 132-140 Kwok Shui Road, Kwai Chung, New Territories, Hong Kong	Medium-term lease	100%	271,578	Industrial/ godown premises
The whole of Chivas Godown (except 1/F to 7/F) 60 Ka Yip Street, Chai Wan, Hong Kong	Long-term lease	100%	121,500	Godown premises

(b) Investment properties in Hong Kong:

Location	Lease term	Effective interest held	Approximate floor area attributable to the Group *sq.ft.*	Type
2 Wing Yip Street, Kwun Tong, Kowloon Hong Kong	Medium-term lease	100%	430,000 and 101 car-parking spaces	Industrial/office
1/F, 2/F, 4/F and 5/F of Safety Godown 132-140 Kwok Shui Road, Kwai Chung, New Territories, Hong Kong	Medium-term lease	100%	149,422	Industrial/ godown premises
1/F to 7/F of Chivas Godown 60 Ka Yip Street, Chai Wan, Hong Kong	Long-term lease	100%	318,500	Godown premises

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