安全貨倉有限公司

SAFETY GODOWN CO LTD

(Stock code 股份代號: 237)

Annual Report 年報 2011

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	28 June 2011
Annual General Meeting	9 August 2011
Closure of Register of Members	16 to 19 August 2011 (both days inclusive)
Record Date for Final Dividend and Special Dividend	19 August 2011
Payment of Final Dividend and Special Dividend	on or around 29 August 2011

Biographical Information of Directors

EXECUTIVE DIRECTORS

Mr. Lu Sin, aged 92, 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 as 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 59, 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 74, 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 37, 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 has 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 72 has been a Non-executive Director of the Company since 1989. He is also a director of Eaver Company Limited and Fu Nan Enterprises Company Limited. Mr. Lu had been a Director of Kian Nan Financial Limited and SEA Holdings Limited, a company listed in The Stock Exchange of Hong Kong Limited. Fu Nan Enterprises Company Limited and Kian Nan Financial Limited are both substantial shareholders of the Company. 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 51, 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 65, 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 59, 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 63, 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

	2011	2010	2009	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Consolidated Statement of Comprehensive Income					
Turnover					
Godown operations	**22,262**	17,996	23,914	26,507	30,797
Property investment	**68,480**	76,227	82,718	66,981	58,540
Treasury investment	**4,872**	883	3,154	6,513	5,802
	95,614	95,106	109,786	100,001	95,139
Profit (loss) attributable to owners of the Company					
Godown operations	**7,738**	5,178	9,385	7,785	12,850
Investment property	**52,167**	63,424	71,499	56,897	49,333
Treasury investment	**45,430**	16,359	(18,207)	37,916	24,009
Increase (decrease) in fair value of investment properties	**275,540**	210,809	(264,075)	95,000	142,500
Central administrative cost	**(5,958)**	(5,236)	(5,004)	(4,864)	(5,035)
Gain on deregistration of a subsidiary	**–**	–	–	996	–
Profit (loss) before taxation	**374,917**	290,534	(206,402)	193,730	223,657
Taxation	**(60,168)**	(46,073)	39,456	(32,047)	(36,952)
Profit (loss) for the year attributable to owners of the company	**314,749**	244,461	(166,946)	161,683	186,705
Consolidated Statement of Financial Position					
Total assets	**2,036,721**	1,709,219	1,426,638	1,681,559	1,450,411
Total liabilities	**(237,283)**	(184,478)	(146,862)	(199,282)	(158,073)
Equity attributable to owners of the company	**1,799,438**	1,524,741	1,279,776	1,482,277	1,292,338
Per Share					
Earnings (loss) per share	**HK$2.33**	HK$1.81	(HK$1.24)	HK$1.20	HK$1.38
Dividends per share	**29 cents**	29 cents	8 cents	25 cents	22 cents
Dividend payout ratio *(Note 1)*	**46.24%**	57.21%	20.17%	40.51%	42.95%
Net asset value per share	**HK$11.33**	HK$11.29	HK$9.48	HK$10.98	HK$9.57
Ratios					
Return on average shareholders funds	**18.94%**	17.43%	(12.09%)	11.65%	15.4%
Current ratio	**9.32:1**	9.37:1	7.86:1	7.22:1	6.01:1
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. As there were no borrowings during the past 5 years, the gearing ratio for the 5 years were therefore equal to zero.

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 2011

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 of HK12 cents per share, amounting to HK$16,200,000 for the year ended 31 March 2011, to shareholders whose names appear on the register of members on 19 August 2011 subject to the approval of shareholders at the forthcoming Annual General Meeting. The proposed final dividend and special dividend will be despatched to shareholders on or around 29 August 2011. Together with the interim dividend of HK7 cents per share and special dividend of HK3 cents per share already paid, the total distribution for the year ended 31 March 2011 will be HK29 cents per share. Total distribution for the previous year was HK29 cents per share.

BUSINESS REVIEW

The implementation of the second round of Quantitative Easing Policy by the U.S. since last year, the lingering national debt crisis in some of the eurozone countries, the sharp rise in oil prices as a result of political unrest in the Middle East and North Africa and the radiation issues caused by the devastating earthquake in Japan have all played a part in creating the intricate domestic and external economic environment in Hong Kong. These factors have adversely affected the godown industry in Hong Kong. However, with the support of large clients, the demand for godown service were relatively sufficient, enabling the Group to achieve a satisfactory and stable performance in the godown business.

On property investment, since some of the anchor tenants in the Group's major investment property, Lu Plaza have moved out after expiry of tenancy and the resulted vacancy will take time to fill up and henceforth the overall performance in leasing business was not as good as last year despite an increase in rental rates on new lettings and tenancy renewal this year.

During the year, the Group had increased its portfolio weights in trading securities investment which have offered favourable returns.

OUTLOOK

Though the basic economic situation in the emerging markets has not worsened, the U.S. property market is still awaiting recovery. With the Quantitative Easing Policy drawing to a close, the exceptionally low interest rate cycle over the past few years is also anticipated to end soon. Afterwards the global market will enter an interest rate hiking cycle, which may influence the stability of the investment market.

As 2011 is the first year of China's 12th Five-Year Plan, Hong Kong can fully utilise its advantages in internationalisation, marketisation and as a leading service centre to grasp all available opportunities. It is expected that Mainland China will still actively expand domestic demand, and the quantities of imported goods are set to increase, thus benefitting Hong Kong's entrepot trade. Productivity and demand in the Asian region will continue to expand, leading to a rise in trade in the region and bringing benefits to Hong Kong economy. In addition, to cope with the appreciation of the Renminbi and unusual price fluctuations in commodities, traders and manufacturers tend to increase their inventories level in order to minimise operating risks, thus contributing to a good and stable performance for the local godown industries.

Following the tightening of local interest rates and the implementation of a series of measures by the Hong Kong Government to suppress property price hike, the trend of property market is hard to predict. However, the impact on office leasing in non-core commercial district is believed to be less significant. The leasing business of Lu Plaza is expected to remain relatively stable.

As previously reported, the Group was pursuing the possibility of changing the land use of its godown in Kwok Shui Road, Kwai Chung into residential use. However, as demand for commercial units in non-core commercial district increases, redevelopment of the project for commercial use is also being considered. Meanwhile, a preliminary feasibility study is being conducted with the aid of property consultants. Nevertheless, the said project involves land use alterations and the land premium issue is likely to be complicated, the project will not be put into effect in the short run.

For treasury investments, the Group will stay alert to the market risks to maintain the value of the investment portfolio.

Lu Sin
Chairman

Hong Kong, 28 June 2011

Management Discussion and Analysis

FINANCIAL RESULTS

The Group continued to deliver a satisfactory performance this year. Growth was recorded across the godown business and treasury investment. The overall profit of the Group rose by 28.75% from the profit of HK$244,461,000 last year to a profit of HK$314,749,000 this year. Total revenue maintained at the level of HK$95 million. The profit attributable to Shareholders after excluding the effect on unrealised gain on fair value changes in investment properties (net of related deferred tax adjustments) saw an increase of 24% to HK$84,673,000 (2010: HK$68,435,000). Basic earning per share rose to HK$2.33 (2010: HK$1.81).

GODOWN OPERATIONS

The economy of Hong Kong saw its recovery in 2010 despite uncertainties in global economies. China also witnessed a strong GDP growth. Demand for godown and logistic services increased. Turnover in godown operations grew by 23.71% to HK$22,262,000 with strong improvement in profit margin. Profit margin in godown operations for the year under review increased from 28.77% last year to 34.76% this year, making the profit contribution increased by 49.44% from HK$5,178,000 to HK$7,738,000.

During the year, a vacant investment property with 4 storeys located at Safety Godown No. 4 at Kwai Chung with market value of HK$105,800,000 were transferred to godown operations segment in order to improve the storage capacity.

PROPERTY INVESTMENT

A significant increase in supply of offices in Eastern Kowloon in recent years resulted in increased competition in leasing market in the region. The keen competition adversely affected the performance of the Group's flagship investment property, Lu Plaza, with average occupancy rate fell below 90% during the year. The Group recorded an annual rental income of HK$68,480,000, a drop of 10.16% against last year. Contribution generated from leasing business decreased by 17.75% to HK$52,167,000. However, the net worth of the Group's investment properties surged with the booming property market in Hong Kong. At 31 March 2011, the Group's investment properties portfolio were revalued at HK$1,539,254,000 (31 March 2010: HK$1,369,375,000). A fair value gain on investment properties of HK$275,540,000 (2010: HK$210,809,000) was recognised during the year.

TREASURY INVESTMENT

The Group's treasury investment continued to perform well. Profit earned from treasury investment grew by 177.71%, from the profit level of HK$16,359,000 last year to HK$45,430,000 this year, out-performing the Hang Seng Index which rose only 10.77% during the period under review.

During the year, the Group had increased its investment weightings in trading securities. The portfolio value of securities investment increased by 135.90% from HK$61,518,000 at last year end to HK$145,123,000 at 31 March 2011. Dividend income and interest income also increased to HK$3,984,000 and HK$888,000 (2010: HK$842,000 and HK$41,000) respectively.

The Group also recorded a fair value gain on available-for-sale investment of HK$7,198,000 (2010: HK$9,873,000). As at 31 March 2011, the available-for-sale investment amounted to HK$31,850,000 (31 March 2010: HK$24,652,000).

Securities investment held for trading and available-for-sale investments principally comprised securities listed in Hong Kong. The Group does not engage in any derivative or hedging instruments investment. The foreign currency exposure mainly related to foreign currency bank deposits. During the year, the Group had net exchange gain of HK$8,578,000 (2010: HK$2,845,000).

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

The Group continued to maintain a strong cash position. As at 31 March 2011, the Group's total bank balances and bank deposits amounted to HK$186,060,000 (2010: HK$225,529,000). All deposits are placed with institutions with strong credit rating. The liquidity of the Group, as demonstrated by the current ratio (current assets/current liabilities), maintained at 9.32 times as at 31 March 2011 compared to 9.37 times as at 31 March 2010.

The Group neither had bank borrowings nor any other loan liabilities over the past few years. The debt-to-equity ratio (interest bearing borrowings divided by shareholders' equity) stood at zero. The non-current liabilities included in the consolidated statement of financial position were only deferred tax liabilities and provision for long service payments. The Group has sufficient reserves to satisfy its short term investments and working capital requirements.

The shareholders' funds as at 31 march 2011 amounted to HK$1,799,438,000, a further increase of 18.02% against last year, with the net asset value per share of the Company as at 31 March 2011 rose to HK$13.33 (31 March 2010: HK$11.29).

DIVIDEND POLICY

It is the Group's intention to provide shareholders with relatively consistent dividend income over the long term. Except for 2009 which the Group's results was undermined by the financial tsunami, the Group provided shareholders with relatively generous dividend payments. The management will try to maintain the dividend payment at a satisfactory level based on the business environment and the performance of the Group.

PLEDGE OF ASSETS

At 31 March 2011, the Group has pledged its property, plant and equipment with carrying values of HK$109,433,000 (2010: investment properties of HK$93,000,000 and property, plant and equipment of HK$4,763,000 respectively) to a bank to secure a general banking facility to the extent of HK$69,000,000 (2010: HK$69,000,000) granted to the Group. At 31 March 2010 and 31 March 2011, this facility was not utilised by the Group.

EMPLOYEES

As at 31 March 2011, the Group employed 65 (31 March 2010: 72) employees. Total staff costs maintained at the level of HK$21,528,000 (2010: HK$21,609,000). 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.

Our Group Consultant Mr. Lam Yeung-Tak retired in the current financial year. Mr. Lam was hired by Kian Nan Trading Co Limited in the 1960's and joined Safety Godown Co Limited since 1977. He had been our General Manager, Company Secretary, and later our Consultant. He was also a Director of a number of the Group's subsidiary companies, Throughout the years, Mr. Lam worked both conscientiously and meticulously, his contributions to the management and the development of our company are unsurpassed. We wish Mr. Lam an enjoyable and pleasant retirement.

Serious illness bereaved us our Leasing Manager Mr. Yau Wan Tuen in September of last year. Mr. Yau joined Safety Godown Co Limited in 1980, and had been promoted as our Leasing Manager since the inauguration of Lu Plaza in 1997. Mr. Yau was very knowledgeable in his field of work; he worked with great enthusiasm and flexibility. His passing was a tremendous loss to our company and our fellow colleagues. Hereby we would like to express our heartfelt condolences and deepest sympathy to his family.

Management Discussion and Analysis

CONTINGENT LIABILITIES

As at 31 March 2011, the Group did not have any significant contingent liabilities.

CLOSURE OF MEMBERS REGISTER

The Register of Members of the Company will be closed from Tuesday, 16 August 2011 to Friday, 19 August 2011, 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, 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 Monday, 15 August 2011.

Lu Wing Yee, Wayne
Director

Oen Min Tjin
Director

Hong Kong, 28 June 2011

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.

CORPORATE GOVERNANCE PRACTICES

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 2011 except for the following deviations from the code provisions A.2.1 and A.4.1.

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 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.

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. The Board considers that such requirements are sufficient to meet the underlying objectives of the relevant code provision and therefore does not intend to take any remedial steps in this regard.

The Company reviews its corporate governance practices regularly to ensure compliance with the Code.

THE BOARD

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 10 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.

The Board has a balance of skills and experience appropriate for the requirements of the Group's business. All Directors have full access to accurate, relevant and updated information of the Group through the management and are able to obtain independent professional advices on issues whenever deemed necessary by the Directors.

The types of decisions which are to be taken by the Board include:

- the strategic plans and directions, and financial objectives of the Group;
- monitoring the performance of the management;
- implementing and monitoring an effective framework of internal controls and risk management;
- ensuring that the Company has good corporate governance and is in compliance with applicable laws and regulations.

Responsibilities over day-to-day operations are delegated to the management under the leadership of the Executive Directors. The Board meets regularly to review the overall strategy and to monitor the operations as well as the financial performance of the Group.

Corporate Governance Report

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)*	3/4
Lui Chi Lung	3/4
Lu Wing Yee, Wayne	4/4
Oen Min Tjin	4/4
Non-executive Directors	
Lu Yong Lee	0/4
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 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.

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 records of individual members at Remuneration and Nomination Committee meeting are as follows:

Name	Number of meetings attended/held
Lu Sin	1/2
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. Lu Sin, Mr. Lui Chi Lung and Mr. Gan Khai Choon, directors of the Company, to be proposed for shareholders' approval at the Annual General Meeting 2011;

(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

The Audit Committee is accountable to the Board and assists the Board in ensuring an effective system for meeting its external financial reporting obligations and internal control and compliance.

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.

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.

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

During the meetings, the Audit Committee in particular reviewed and discussed about:

(i) the accounting principles and policies adopted by the Group;

(ii) the annual results (including the announcement thereof) and the audited financial statements for the year ended 31 March 2011;

(iii) the interim results (including the announcement thereof) and the financial statements for the six months ended 30 September 2010;

(iv) any significant findings by the independent auditor during the financial audit and other audit issues;

(v) the letters of management representations issued to the independent auditor in connection with the audit or review of the Group's relevant financial statements; and

(vi) the system of internal control including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

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 Management and the Board were of sufficient importance to require disclosure in the Annual Report.

INDEPENDENT AUDITOR'S REMUNERATION

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 2012. The recommendation will be presented for the approval of shareholders at the Annual General Meeting to be held on 9 August 2011.

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

Nature of services	2011 HK$	2010 HK$
Review fee for interim results	**118,800**	113,800
Audit fee for final results	**754,000**	813,000
Taxation consultancy services fee	**110,000**	87,700
Total audit and non-audit services	**982,800**	1,014,500

ACCOUNTABILITY

The Board is accountable for the proper stewardship of the Group's affairs, and Directors acknowledge their responsibility for preparing the financial statements of the Company in accordance with generally accepted accounting standards in Hong Kong, the requirements of the Listing Rules and applicable laws as well as the integrity of the financial information so reported. Such responsibility is extended to cover not only the annual and interim reports but also announcements and other financial disclosures of the Company required under the Listing Rules.

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 18.

The management of each business within the Group provides the Directors with such information and explanations necessary to enable them to make an informed assessment of the financial and other information put before the Board for approval.

INTERNAL CONTROL

The Board recognises its responsibility for maintaining a sound and effective system of internal control to safeguard the shareholders' investment and the Company's assets, and for reviewing its effectiveness.

The Group has a clear organizational structure with well defined responsibilities, reporting lines and authority limits and budgetary controls on managers of operating divisions. The scope of internal controls and risk management covering financial, operational and compliance areas, and control procedures are to identify and then manage risks.

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.

The Board reviews the effectiveness of the Company's internal control system, including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget, on a continuous and regular basis.

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 2011.

COMMUNICATION WITH SHAREHOLDERS

In addition to sending annual reports, interim reports, circulars and notices to the Shareholders, the Company also makes those materials, which contain extensive information about the Group's activities, timely available for access by Shareholders at both the Stock Exchange's and the Company's own websites.

The Company encourages the Shareholders to attend annual general meetings and all its other shareholders' meetings to discuss progress and matters. The Chairman of the Board and other Directors are available at these meetings to answer Shareholders' questions. In accordance with Rule 13.39(4) of the Listing Rules, all the resolutions to be proposed at the 2011 Annual General Meeting will be decided on poll. The Company's share registrars in Hong Kong will act as the scrutineer for the vote-taking, the voting results of which will be announced by the Company in accordance with Rule 2.07C of the Listing Rules as soon as possible on the websites of the Stock Exchange and the Company respectively. The Chairman of shareholders' meeting will ensure that any vote of shareholders at the 2011 Annual General meeting (and any other shareholders' meetings) will be taken by poll in compliance with the said Rule 13.39(4) of the Listing Rules.

SOCIAL SERVICES

As actively involved in community services as before, we bear our social responsibilities, continue to take part in various social, charitable, and recycling activities, which include supporting the Community Chest "Green Day" event; participating in the "Greening" event held by the Federation of the Hong Kong Polytechnic University Alumni Associations; organizing volunteers to pay the elderly at the Diamond Hill Kwong Yum Home for the Aged visits during Mid-Autumn Festival and Christmas. Presenting gifts to the elderly and celebrating the festivities with them. We continue to support the "Used Book Recycling Campaign" held by World Vision Hong Kong and thus enabled those under-privileged school-aged children of the rural areas in Mainland China to obtain proper education. Moreover, we persist to recycle and conserve energy at our office and continue to enhance our employees' awareness of environmental friendly activities.

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 again in recognition of our corporate citizenship and contribution to social development.

Lu Wing Yee, Wayne
Director

Oen Min Tjin
Director

Hong Kong, 28 June 2011

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 2011.

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 consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2011 are set out in the consolidated statement of comprehensive income on page 19.

An interim and special dividends of HK7 cents and HK3 cents per share, amounting to HK$9,450,000 and HK$4,050,000 were 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 of HK12 cents per share amounting to HK$16,200,000 to the shareholders whose names appear on the register of members on 19 August 2011, and the retention of the remaining profit for the year of HK$275,599,000.

Other movements in reserves of the Group are set out in the consolidated statement of changes in equity on page 21.

INVESTMENT PROPERTIES

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

DISTRIBUTABLE RESERVES OF THE COMPANY

At 31 March 2011, the Company's reserves available for distribution to shareholders comprised the retained profits of HK$573,659,000 (2010: HK$566,202,000). Details of the Company's distributable reserves are set out in note 23 to the consolidated 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. Lu Sin, Mr. Lui Chi Lung and Mr. Gan Khai Choon 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 2011 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 2011, 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	7,884	–	–	7,884	0.0058%
Mr. Lu Wing Yee, Wayne	7,462,420	–	23,440[3]	7,485,860	5.55%
Mr. Lam Ming Leung	10,000	–	–	10,000	0.0074%

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 98% 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 2011.

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 consolidated 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 2011, 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**
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. Lusin and Company Limited was deemed to be interested in 47,203,445 shares of the Company by virtue of its 98% shareholding in Kian Nan Financial Limited.

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 2011.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's largest customer accounted for 8% (2010: 9%) of its turnover.

The aggregate sales attributable to the Group's five largest customers accounted for 30% (2010: 33%) 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 2011.

DONATIONS

During the year, the Group made charitable and other donations amounting to HK$470,000.

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 2011 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 9 to 13 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 Wing Yee, Wayne
Director

Oen Min Tjin
Director

Hong Kong, 28 June 2011

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 19 to 55, which comprise the consolidated and the Company's statements of financial position as at 31 March 2011, 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 information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 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 about 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 of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2011, 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
28 June 2011

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2011

	Notes	**2011**	2010
		HK$'000	*HK$'000*
Turnover	4	**95,614**	95,106
Income from godown operations		**22,262**	17,996
Income from property investment		**68,480**	76,227
Fair value gain on investments held for trading		**33,100**	12,894
Interest income		**888**	41
Dividend income		**3,984**	842
Other income		**9,034**	4,451
Increase in fair value of investment properties	12	**275,540**	210,809
Staff costs		**(21,528)**	(21,609)
Depreciation of property, plant and equipment		**(3,025)**	(2,188)
Other expenses		**(13,818)**	(8,929)
Profit before taxation	8	**374,917**	290,534
Taxation	9	**(60,168)**	(46,073)
Profit for the year attributable to owners of the Company		**314,749**	244,461
Other comprehensive income			
Fair value gain of available-for-sale investments		**7,198**	9,873
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)
Other comprehensive income for the year (net of tax)		**7,198**	11,304
Total comprehensive income for the year attributable to owners of the Company		**321,947**	255,765
Earnings per share – Basic	11	**HK$2.33**	HK$1.81

Statements of Financial Position

At 31 March 2011

	Notes	THE GROUP **31.3.2011** ***HK$'000***	THE GROUP 31.3.2010 *HK$'000* (restated)	THE GROUP 1.4.2009 *HK$'000* (restated)	THE COMPANY **31.3.2011** ***HK$'000***	THE COMPANY 31.3.2010 *HK$'000*
Non-current assets						
Investment properties	12	**1,539,254**	1,369,375	1,143,600	**–**	–
Property, plant and equipment	13	**122,006**	18,305	19,216	**994**	735
Investments in subsidiaries	14	**–**	–	–	**30,031**	30,031
Amounts due from subsidiaries	15	**–**	–	–	**557,627**	548,728
Available-for-sale investments	16	**31,850**	24,652	14,779	**31,850**	24,652
		1,693,110	1,412,332	1,177,595	**620,502**	604,146
Current assets						
Investments held for trading	17	**145,123**	61,518	18,726	**8,246**	4,242
Trade and other receivables	18	**10,463**	8,979	8,326	**3,475**	2,703
Amounts due from subsidiaries	15	**–**	–	–	**204,186**	101,488
Tax recoverable		**1,965**	861	338	**–**	–
Bank and other deposits	19	**165,382**	156,732	184,792	**71,220**	152,703
Bank balances and cash		**20,678**	68,797	36,861	**13,441**	58,258
		343,611	296,887	249,043	**300,568**	319,394
Current liabilities						
Other payables	20	**32,301**	29,692	30,310	**6,377**	5,215
Amounts due to subsidiaries	21	**–**	–	–	**2,794**	20,472
Tax payable		**4,568**	2,006	1,397	**638**	1,272
		36,869	31,698	31,707	**9,809**	26,959
Net current assets		**306,742**	265,189	217,336	**290,759**	292,435
		1,999,852	1,677,521	1,394,931	**911,261**	896,581
Capital and reserves						
Share capital	22	**135,000**	135,000	135,000	**135,000**	135,000
Share premium and reserves	23	**1,664,438**	1,389,741	1,144,776	**775,061**	760,406
Equity attributable to owners of the Company		**1,799,438**	1,524,741	1,279,776	**910,061**	895,406
Non-current liabilities						
Deferred tax liabilities	24	**197,863**	150,423	112,857	**–**	–
Provision for long service payments	25	**2,551**	2,357	2,298	**1,200**	1,175
		200,414	152,780	115,155	**1,200**	1,175
		1,999,852	1,677,521	1,394,931	**911,261**	896,581

The consolidated financial statements on pages 19 to 55 were approved and authorised for issue by the Board of Directors on 28 June 2011 and are signed on its behalf by:

Lu Wing Yee, Wayne
Director

Oen Min Tjin
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2011

	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 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
Profit for the year	–	–	–	–	314,749	314,749
Fair value gain of available-for-sale investments	–	–	7,198	–	–	7,198
Total comprehensive income for the year	–	–	7,198	–	314,749	321,947
Dividends paid *(note 10)*	–	–	–	–	(47,250)	(47,250)
At 31 March 2011	135,000	43,216	17,071	63,618	1,540,533	1,799,438

Consolidated Statement of Cash Flows

For the year ended 31 March 2011

	2011 *HK$'000*	2010 *HK$'000*
Operating activities		
Profit before taxation	**374,917**	290,534
Adjustments for:		
Gain on disposal of property, plant and equipment	**(140)**	–
Increase in fair value of investment properties	**(275,540)**	(210,809)
Unrealised gain on investments held for trading	**(14,387)**	(9,339)
Depreciation of property, plant and equipment	**3,025**	2,188
Impairment loss recognised on trade receivables	**148**	57
Provision for long service payments	**541**	920
Operating cash flows before movements in working capital	**88,564**	73,551
Increase in trade and other receivables	**(1,632)**	(710)
Increase in investments held for trading	**(69,218)**	(33,453)
Increase (decrease) in other payables	**2,609**	(618)
Decrease in provision for long service payments	**(347)**	(861)
Cash generated from operations	**19,976**	37,909
Income tax paid	**(11,270)**	(8,704)
Net cash from operating activities	**8,706**	29,205
Investing activities		
Purchase of property, plant and equipment	**(1,146)**	(2,163)
Addition of investment properties	**(139)**	(12,366)
Addition of bank deposits	**(41,551)**	–
Withdrawal of bank deposits	**102,559**	27,310
(Increase) decrease in deposits with security brokers	**(69,658)**	750
Sales proceeds from disposal of property, plant and equipment	**360**	–
Net cash (used in) from investing activities	**(9,575)**	13,531
Cash used in financing activity		
Dividends paid	**(47,250)**	(10,800)
Net (decrease) increase in cash and cash equivalents	**(48,119)**	31,936
Cash and cash equivalents at beginning of the year	**68,797**	36,861
Cash and cash equivalents at end of the year	**20,678**	68,797
Analysis of cash and cash equivalents		
Bank balances and cash	**20,678**	68,797

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 consolidated 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/CHANGES IN ACCOUNTING POLICIES

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").

HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Right Issues
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as described below, the application of the new and revised HKFRSs in the current year has had no material effect on the amounts reported in the consolidated financial statements and the Company's statement of financial position and/or disclosures therein.

Amendments to HKAS 17 "Leases"

As part of *Improvements to HKFRSs* issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendment to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 April 2010 based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid lease payment to property, plant, and equipment retrospectively. This resulted in prepaid lease payments with the carrying amount of HK$10,717,000 and HK$10,491,000 as at 1 April 2009 and 31 March 2010 respectively being reclassified to property, plant and equipment.

As at 31 March 2011, leasehold land that qualify for finance lease classification with the carrying amount of HK$10,264,000 have been included in property, plant and equipment. The application of the amendments to HKAS 17 has had no impact on the reported profit or loss for the current and prior years.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES (Continued)

Amendments to HKAS 17 "Leases" (Continued)

The effect of application of amendment to HKAS 17 on the financial positions of the Group which is principally a reclassification between different categories of assets is as follows:

	As at 31.3.2010 (originally stated) *HK$'000*	Adjustments *HK$'000*	As at 31.3.2010 (restated) *HK$'000*
Property, plant and equipment	7,814	10,491	18,305
Prepaid lease payments – non-current	10,264	(10,264)	–
Prepaid lease payments – current	227	(227)	–
	18,305	–	18,305

	As at 1.4.2009 (originally stated) *HK$'000*	Adjustments *HK$'000*	As at 1.4.2009 (restated) *HK$'000*
Property, plant and equipment	8,499	10,717	19,216
Prepaid lease payments – non-current	10,490	(10,490)	–
Prepaid lease payments – current	227	(227)	–
	19,216	–	19,216

The effect of application of amendment to HKAS 17 on the results of the Group which is principally a reclassification between different categories of expenses is as follows:

	Year ended 31.3.2010 (originally stated) *HK$'000*	Adjustments *HK$'000*	Year ended 31.3.2010 (restated) *HK$'000*
Depreciation of property, plant and equipment	1,962	226	2,188
Release of prepaid lease payments	226	(226)	–

The Group and the Company have not early applied the following new and revised standards, amendments or interpretation that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[3]
HKFRS 11	Joint Arrangements[3]
HKFRS 12	Disclosure of Involvement with Other Entities[3]
HKFRS 13	Fair Value Measurement[3]

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES (Continued)

HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (as revised in 2009)	Related Party Disclosures[5]
HKAS 27 (as revised in 2011)	Separate Financial Statements[3]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[3]
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[5]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

1 Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate
2 Effective for annual periods beginning on or after 1 July 2011
3 Effective for annual periods beginning on or after 1 January 2013
4 Effective for annual periods beginning on or after 1 January 2012
5 Effective for annual periods beginning on or after 1 January 2011
6 Effective for annual periods beginning on or after 1 July 2010

HKFRS 9 "Financial Instruments" (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 "Financial Instruments" (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 will be adopted in the consolidated financial statements for financial year ending 31 March 2014 and that the application of the new standard will mainly affect the classification and measurement of the Group's and Company's available-for-sale investments but not on the Group's and the Company's financial liabilities.

The amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property". As at 31 March 2011, the deferred tax arising from the revaluation of the properties amounted to HK$141,173,000. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. If the presumption is not rebutted, the directors anticipate that the application of the amendments to HKAS 12 will have a material impact on deferred tax recognised for investment properties that are measured using the fair value model.

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

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 2011 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 operations income is recognised on an accrual basis when the godown facilities are utilised and services are rendered.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

The accounting policy for income from investment properties is described in the paragraph headed by “Leasing” below.

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

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. 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 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 and no future economic benefits are expected from its disposal. 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 profit or loss in the period in which the item is derecognised.

Property, plant and equipment

Property, plant and equipment are carried at cost or fair value upon the transfer from investment property less subsequent accumulated depreciation and accumulated impairment loss.

Depreciation is recognised so as to write off the cost of the items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

If an item of investment property becomes property, plant and equipment because its use has changed as evidenced by commencement of owner-occupation, the fair value of the property at the date of transfer is treated as the deemed cost for subsequent accounting in accordance with the Group’s accounting policy on property, plant and equipment.

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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible assets and investments in subsidiaries

At the end of the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If 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.

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 or 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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, amounts due from subsidiaries, bank and other deposits and bank balances and cash) 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).

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; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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 of 60 days 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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.

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.

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 and accumulated in equity 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are 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 exchange 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, except for those that are classified and accounted for as investment properties under the fair value model. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease. Where the leasehold land of the Group qualifies for finance lease classification, it is classified 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 charged as an expense when employees have rendered service entitling them to the contributions.

4. TURNOVER

Turnover represents the following revenue recognised during the year:

	2011	2010
	HK$'000	*HK$'000*
Income from godown operations	**22,262**	17,996
Income from property investment	**68,480**	76,227
Dividend income from listed investments	**3,984**	842
Interest income	**888**	41
	95,614	95,106

5. SEGMENT INFORMATION

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 and reportable segments under HKFRS 8 "Operating Segments" are therefore as follows:

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

5. SEGMENT INFORMATION (Continued)

Segment information about these operating and reportable segments is presented below:

For the year ended 31 March 2011

	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	22,262	68,480	4,872	95,614	–	95,614
Inter-segment revenue	–	4,237	–	4,237	(4,237)	–
Total	22,262	72,717	4,872	99,851	(4,237)	95,614

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	7,738	52,167	45,430	105,335	–	105,335
Increase in fair value of investment properties						275,540
Central administrative costs						(5,958)
Profit before taxation						374,917

	Godown operations *HK$'000*	Property investment *HK$'000*	Treasury investment *HK$'000*	Consolidated *HK$'000*
Assets				
Segment assets	127,099	1,544,265	342,709	2,014,073
Bank balances and cash				20,678
Unallocated other assets				1,970
Consolidated total assets				2,036,721
Liabilities				
Segment liabilities	7,613	25,343	11	32,967
Deferred tax liabilities				197,863
Unallocated other liabilities				6,453
Consolidated total liabilities				237,283

5. SEGMENT INFORMATION (Continued)

For the year ended 31 March 2011 (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 segment assets				
Capital expenditure	**106,907***	**178**	**–**	**107,085**
Gain on disposal of property, plant and equipment	**140**	**–**	**–**	**140**
Depreciation of property, plant and equipment	**3,001**	**24**	**–**	**3,025**
Impairment loss on trade receivables	**–**	**148**	**–**	**148**
Fair value gain on investments held for trading	**–**	**–**	**33,100**	**33,100**
Provision for long service payments	**471**	**70**	**–**	**541**

* Included capital expenditure of HK$105,800,000 representing the transfer of an investment property from property investment segment to property, plant and equipment in godown operations segment during the year.

For the year ended 31 March 2010

	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	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.

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

5. SEGMENT INFORMATION (Continued)

For the year ended 31 March 2010 (Continued)

	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 segment assets				
Capital expenditure	2,146	12,383	–	14,529
Depreciation of property, plant and equipment	2,169	19	–	2,188
Impairment loss on trade receivables	57	–	–	57
Fair value gain on investments held for trading	–	–	12,894	12,894
Provision for long service payments	307	613	–	920

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit/loss represents the profit earned/loss incurred by each segment without allocation of central administrative costs, directors' fees, other expenses that are not directly related to the core business 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.

For the purposes of monitoring segment performances and allocating resources between segments:

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

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

5. SEGMENT INFORMATION (Continued)

Information about major customers

The aggregate sales attributable to the Group's five largest customers accounted for 30% (2010: 33%) 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.

All the business operations and non-current assets of the Group for both years are located and derived from Hong Kong.

6. DIRECTORS' EMOLUMENTS

The emoluments paid or payable during the year to each of the nine (2010: 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*
2011										
Fees	**60**	**18**	**30**	**23**	**20**	**153**	**133**	**153**	**153**	**743**
Other emoluments										
Salaries and other benefits	**2,124**	**1,175**	**1,107**	**789**	**–**	**–**	**–**	**–**	**–**	**5,195**
Retirement benefits scheme contributions	**–**	**24**	**12**	**–**	**–**	**–**	**–**	**–**	**–**	**36**
Total emoluments	**2,184**	**1,217**	**1,149**	**812**	**20**	**153**	**133**	**153**	**153**	**5,974**
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

Note: No directors waived any emoluments during the years ended 31 March 2011 and 2010.

7. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, four (2010: four) were executive directors of the Company whose emoluments are included in note 6 above. The emoluments of the remaining one (2010: one) individual were as follows:

	2011	2010
	HK$'000	*HK$'000*
Salaries and other benefits	**504**	491
Retirement benefits scheme contributions	**12**	12
	516	503

8. PROFIT BEFORE TAXATION

	2011	2010
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Auditor's remuneration		
– audit service	**754**	813
– non-audit services	**229**	202
Impairment loss recognised on trade receivables (included in other expenses)	**148**	57
and after crediting:		
Gross rental income from investment properties	**68,480**	76,227
Less: direct operating expenses for investment properties that generated rental income during the year	**(4,102)**	(2,100)
Net rental income	**64,378**	74,127
Dividend income from listed securities		
– available-for-sale investments	**701**	637
– investments held for trading	**3,283**	205
Interest income	**888**	41
Exchange gain, net (included in other income)	**8,578**	2,845
Gain on disposal of property, plant and equipment (included in other income)	**140**	–

9. TAXATION

	2011	2010
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong Profits Tax		
Current year	**12,702**	8,775
Underprovision in prior years	**26**	15
	12,728	8,790
Deferred taxation (note 24)		
Current year	**47,440**	37,283
	60,168	46,073

Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profit for the year.

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

	2011	2010
	HK$'000	*HK$'000*
Profit before taxation	**374,917**	290,534
Tax at the domestic income tax rate of 16.5%	**61,861**	47,938
Tax effect of expenses not deductible for tax purpose	**281**	140
Tax effect of income not taxable for tax purpose	**(879)**	(145)
Tax effect of tax losses not recognised	**–**	34
Tax effect of utilisation of deductible temporary differences previously not recognised	**(691)**	(702)
Tax effect of utilisation of tax losses previously not recognised	**(369)**	(1,287)
Underprovision in prior years	**26**	15
Others	**(61)**	80
Tax charge for the year	**60,168**	46,073

10. DIVIDENDS

	2011	2010
	HK$'000	*HK$'000*
Interim dividend paid in respect of 2011 – HK7 cents (2010: HK4 cents) per ordinary share	**9,450**	5,400
Special dividend paid in respect of 2011 – HK3 cents (2010: nil) per ordinary share	**4,050**	–
Final dividend paid in respect of 2010 – HK7 cents (2009: HK4 cents) per ordinary share	**9,450**	5,400
Special dividend paid in respect of 2010 – HK18 cents (2009: nil) per ordinary share	**24,300**	–
	47,250	10,800
Dividend proposed:		
Final dividend – HK7 cents (2010: HK7 cents) per ordinary share	**9,450**	9,450
Special dividend – HK12 cents (2010: HK18 cents) per ordinary share	**16,200**	24,300

A final dividend of HK7 cents per share, amounting to HK$9,450,000 and a special dividend of HK12 cents per share, amounting to HK$16,200,000 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 PER SHARE – BASIC

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of HK$314,749,000 (2010: HK$244,461,000) and on 135,000,000 shares in issue throughout both years.

No diluted earnings 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 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
Additions	139
Transfer to property, plant and equipment	(105,800)
Increase in fair value	275,540
At 31 March 2011	1,539,254

12. INVESTMENT PROPERTIES (Continued)

The fair values of the Group's major investment properties at 31 March 2011 amounting to HK$1,515,900,000 (2010: HK$1,347,400,000) have been arrived at on the basis of valuations carried out on that date by Messrs. Jones Lang LaSalle Limited and 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 2011 amounting to HK$23,354,000 (2010: HK$21,975,000) 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$275,540,000 (2010: HK$210,809,000) which has been included the consolidated statement of comprehensive income.

During the year, certain investment properties has become property, plant and equipment because the Group has commenced to self-occupy those properties. The properties' deemed cost for subsequent accounting period will be their fair values at the date of change in use. The fair values at the dates of transfers of HK$105,800,000 have been arrived at on the basis of valuations carried out by A A Property Services Limited, Chartered Surveyors, independent qualified professional valuers not connected with the Group. The valuations were arrived at by reference to market evidence of recent transaction prices for similar properties.

During the year ended 31 March 2010, certain owned properties had become investment 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 was recognised in property revaluation reserve.

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

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

	2011	2010
	HK$'000	*HK$'000*
Long leases	**373,000**	312,000
Medium-term leases	**1,166,254**	1,057,375
	1,539,254	1,369,375

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*
	(restated)				(restated)
THE GROUP					
COST					
At 1 April 2009	38,321	32,975	20,432	2,313	94,041
Additions	1,259	–	904	–	2,163
Transfer to investment properties	–	(2,393)	–	–	(2,393)
Write off	–	–	(2,289)	–	(2,289)
At 31 March 2010	39,580	30,582	19,047	2,313	91,522
Additions	–	–	725	421	1,146
Transfer from investment properties	–	105,800	–	–	105,800
Disposal/write off	(220)	–	(89)	(333)	(642)
At 31 March 2011	39,360	136,382	19,683	2,401	197,826
DEPRECIATION					
At 1 April 2009	25,681	27,134	19,918	2,092	74,825
Provided for the year	1,257	190	611	130	2,188
Eliminated upon transfer to investment properties	–	(1,507)	–	–	(1,507)
Eliminated on write off	–	–	(2,289)	–	(2,289)
At 31 March 2010	26,938	25,817	18,240	2,222	73,217
Provided for the year	1,202	1,130	541	152	3,025
Eliminated on disposal/write off	–	–	(89)	(333)	(422)
At 31 March 2011	28,140	26,947	18,692	2,041	75,820
CARRYING VALUES					
At 31 March 2011	11,220	109,435	991	360	122,006
At 31 March 2010	12,642	4,765	807	91	18,305
At 1 April 2009	12,640	5,841	514	221	19,216

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 2009	6,096	333	6,429
Additions	887	–	887
Write off	(2,289)	–	(2,289)
At 31 March 2010	4,694	333	5,027
Additions	301	421	722
Disposal/write off	(55)	(333)	(388)
At 31 March 2011	4,940	421	5,361
DEPRECIATION			
At 1 April 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
Provided for the year	358	105	463
Eliminated on disposal/write off	(55)	(333)	(388)
At 31 March 2011	4,262	105	4,367
CARRYING VALUES			
At 31 March 2011	678	316	994
At 31 March 2010	735	–	735

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 2011, the cost of fully depreciated property, plant and equipment of the Group and the Company that is still in use amounted to HK$19,564,000 (2010: HK$19,652,000) and HK$3,700,000 (2010: HK$3,900,000) respectively.

14. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	31.3.2011	31.3.2010
	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 2011 and 31 March 2010 are set out in note 32.

15. AMOUNTS DUE FROM SUBSIDIARIES

Except for the amounts of HK$564,412,000 (2010: HK$556,829,000) and HK$4,180,000 (2010: HK$3,958,000) which bear interest at a fixed rate of 1.5% (2010: 1.5%) per annum and at prime rate (2010: prime rate) per annum, respectively, the remaining amounts are unsecured and interest-free.

At 31 March 2011, the management determines that the amounts due from subsidiaries of HK$557,627,000 (2010: HK$548,728,000) will not be repayable within one year and, accordingly, the amounts are shown as non-current. The remaining balances are repayable on demand and expected to be recovered within 12 months from the end of the reporting period.

Movement in the allowance of amounts due from subsidiaries

	THE COMPANY	
	2011	2010
	HK$'000	*HK$'000*
At beginning of the year	**22,439**	22,439
Amounts recovered	**(8,100)**	–
Amounts written off as uncollectible	**(4,718)**	–
At end of the year	**9,621**	22,439

16. AVAILABLE-FOR-SALE INVESTMENTS

	THE GROUP			THE COMPANY	
	31.3.2011	31.3.2010	1.4.2009	**31.3.2011**	31.3.2010
	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***	*HK$'000*
Equity securities listed in Hong Kong, at fair value based on quoted market bid prices	**31,850**	24,652	14,779	**31,850**	24,652

17. INVESTMENTS HELD FOR TRADING

	THE GROUP			THE COMPANY	
	31.3.2011	31.3.2010	1.4.2009	**31.3.2011**	31.3.2010
	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***	*HK$'000*
Equity securities listed in Hong Kong, at fair value based on quoted market bid prices	**145,123**	61,518	18,726	**8,246**	4,242

18. TRADE AND OTHER RECEIVABLES

	THE GROUP			THE COMPANY	
	31.3.2011	31.3.2010	1.4.2009	**31.3.2011**	31.3.2010
	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables	**4,454**	3,186	3,646	**2,599**	1,894
Less: allowance for doubtful debts	**(166)**	(75)	(588)	**–**	–
	4,288	3,111	3,058	**2,599**	1,894
Other receivables	**3,724**	3,696	3,501	**–**	244
Prepayments and deposits	**2,451**	2,172	1,767	**876**	565
	10,463	8,979	8,326	**3,475**	2,703

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	
	31.3.2011	31.3.2010	1.4.2009	**31.3.2011**	31.3.2010
	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***	*HK$'000*
Within 60 days	**3,940**	2,823	2,873	**2,461**	1,683
61-90 days	**195**	285	149	**119**	208
Over 90 days	**153**	3	36	**19**	3
	4,288	3,111	3,058	**2,599**	1,894

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 issues billing in advance to its customers in respect of the property rental business.

While the Group and the Company have the rights to charge godown business customers and tenants for interest on 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 overdue 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.

18. TRADE AND OTHER RECEIVABLES (Continued)

Included in the Group's and the Company's trade receivables balance are debtors with an aggregate carrying amount of HK$348,000 (2010: HK$288,000) and HK$138,000 (2010: HK$211,000) 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 that are neither past due nor impaired have good credit quality and low default rate under internal credit assessment done by the management of the Group.

Movement in the allowance of doubtful debts

	THE GROUP			THE COMPANY	
	31.3.2011	31.3.2010	1.4.2009	**31.3.2011**	31.3.2010
	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***	*HK$'000*
At beginning of the year	**75**	588	588	**–**	570
Impairment loss recognised	**148**	57	–	**–**	–
Amounts written off as uncollectible	**(57)**	(570)	–	**–**	(570)
At end of the year	**166**	75	588	**–**	–

19. BANK AND OTHER DEPOSITS

	THE GROUP			THE COMPANY	
	31.3.2011	31.3.2010	1.4.2009	**31.3.2011**	31.3.2010
	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***	*HK$'000*
Bank deposits	**91,695**	152,703	180,013	**71,220**	152,703
Deposits with security brokers	**73,687**	4,029	4,779	**–**	–
	165,382	156,732	184,792	**71,220**	152,703

Bank and other deposits are carrying variable interest rates ranging from 0.01% to 3.89% (2010: 0.01% to 0.1%) per annum.

20. OTHER PAYABLES

Other payables of the Group and the Company are shown as follows:

	THE GROUP			THE COMPANY	
	31.3.2011	31.3.2010	1.4.2009	**31.3.2011**	31.3.2010
	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***	*HK$'000*
Tenants' deposits	**22,009**	20,624	22,912	**–**	–
Deferred income	**2,593**	2,092	2,154	**1,944**	1,411
Others	**7,699**	6,976	5,244	**4,433**	3,804
	32,301	29,692	30,310	**6,377**	5,215

21. AMOUNTS DUE TO SUBSIDIARIES

The amounts are unsecured, interest-free and repayable on demand.

22. SHARE CAPITAL

	Number of shares	HK$'000
Ordinary shares of HK$1 each		
Authorised:		
At beginning and at end of the years 2010 and 2011	200,000,000	200,000
Issued and fully paid:		
At beginning and at end of the years 2010 and 2011	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. SHARE PREMIUM AND RESERVES

	Share premium *HK$'000*	Investment revaluation reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
THE COMPANY				
At 1 April 2009	43,216	2	707,770	750,988
Fair value gains of available-for-sale investments	–	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
Fair value gains of available-for-sale investments	–	7,198	–	7,198
Profit for the year	–	–	54,707	54,707
Total comprehensive income for the year	–	7,198	54,707	61,905
Dividends paid	–	–	(47,250)	(47,250)
At 31 March 2011	43,216	17,073	714,772	775,061

At the end of the reporting period, the Company's reserves available for distribution to owners amounted to HK$573,659,000 (2010: HK$566,202,000) which is analysed as follows:

	2011 *HK$'000*	2010 *HK$'000*
The Company's retained profits as stated above	**714,772**	707,315
Less: profit on transfer of property to a subsidiary	**(141,113)**	(141,113)
	573,659	566,202

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	**Tax allowance on investment properties/ excess of tax allowance over depreciation on property, plant and equipment**	**Tax loss**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 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
Charge (credit) to profit or loss	44,855	2,954	(369)	47,440
Reclassification upon transfer of investment properties to property, plant and equipment	(16,716)	16,716	–	–
At 31 March 2011	141,173	57,059	(369)	197,863

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2011	2010
	HK$'000	*HK$'000*
Deferred tax assets	**(369)**	–
Deferred tax liabilities	**198,232**	150,423
	197,863	150,423

At 31 March 2011, the Group had unused tax losses of HK$9,738,000 (2010: HK$9,647,000) available for offset against future profits that may be carried forward indefinitely. A deferred tax asset has been recognised in respect of HK$2,241,000 (2010: nil) of such loss. No deferred tax asset has been recognised in respect of the remaining HK$7,497,000 (2010: HK$9,647,000) due to the unpredictability of future profit streams. In addition, the Group has deductible temporary differences of HK$502,000 (2010: HK$4,691,000) for which no deferred tax asset 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	
	31.3.2011	31.3.2010	1.4.2009	**31.3.2011**	31.3.2010
	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***	*HK$'000*
Balance brought forward	**2,357**	2,298	2,537	**1,175**	1,276
Additional provision	**541**	920	143	**164**	307
Utilisation during the year	**(347)**	(861)	(382)	**(139)**	(408)
Balance carried forward	**2,551**	2,357	2,298	**1,200**	1,175

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$475,000 (2010: HK$530,000).

26. PLEDGE OF ASSETS

At 31 March 2011, the Group has pledged its investment properties and property, plant and equipment with carrying values of HK$nil (2010: HK$93,000,000) and HK$109,433,000 (2010: HK$4,763,000), respectively, to banks to secure a general banking facility to the extent of HK$69,000,000 (2010: HK$69,000,000) granted to the Group. At 31 March 2010 and 31 March 2011, this facility was not utilised by the Group.

27. OPERATING LEASE ARRANGEMENTS

The Group as lessor:

Property rental income earned during the year was HK$68,480,000 (2010: HK$76,227,000). 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	
	2011	2010
	HK$'000	*HK$'000*
Within one year	**57,426**	59,257
In the second to fifth year inclusive	**52,155**	43,239
	109,581	102,496

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 (2010: 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 15 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 Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of cash and cash equivalents and equity 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 balance its overall capital structure through payment of dividend and issuing new shares.

30. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	THE GROUP			THE COMPANY	
	31.3.2011	31.3.2010	1.4.2009	**31.3.2011**	31.3.2010
	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***	*HK$'000*
Financial assets					
Loans and receivables	**194,072**	232,336	228,212	**849,073**	863,315
Available-for-sale investments	**31,850**	24,652	14,779	**31,850**	24,652
Investments held for trading	**145,123**	61,518	18,726	**8,246**	4,242

	THE GROUP			THE COMPANY	
	31.3.2011	31.3.2010	1.4.2009	**31.3.2011**	31.3.2010
	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***	*HK$'000*
Financial liabilities at amortised cost	**26,964**	25,518	26,888	**7,227**	24,156

30. FINANCIAL INSTRUMENTS (Continued)

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.

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			THE COMPANY	
	31.3.2011	31.3.2010	1.4.2009	**31.3.2011**	31.3.2010
	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***	*HK$'000*
Japanese Yen	**–**	62,468	15,840	**–**	62,468
Australian dollars	**41,551**	–	23,862	**21,076**	–
United States dollars	**778**	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% (2010: 5%) rate increase or decrease in Hong Kong dollars against the other relevant foreign currencies. 5% (2010: 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% (2010: 5%) change in foreign currency rates. A positive number below indicates an increase in profit for the year where Hong Kong dollars weakened 5% (2010: 5%) against the relevant currencies. For a 5% (2010: 5%) strengthening of Hong Kong dollars against the relevant currencies, there would be an equal and opposite impact on the profit for the year, and the balances below would be negative.

30. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Foreign currency risk (Continued)

	THE GROUP			THE COMPANY	
	31.3.2011	31.3.2010	1.4.2009	**31.3.2011**	31.3.2010
	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***	*HK$'000*
Japanese Yen	**–**	2,605	661	**–**	2,605
Australian dollars	**1,735**	–	996	**880**	–

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

(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 amount due from a subsidiary. The Company is also exposed to fair value interest rate risk in relation to fixed rate amounts due from subsidiaries.

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

In view of the 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 analysis below is prepared assuming the amount of investments outstanding at the end of the reporting period was outstanding for the whole year and have been determined based on the exposure to equity price on investments at the reporting date. 10% (2010: 10%) is the sensitivity rate used which represents management's assessment of a reasonably possible change in equity price on investments.

If the prices of the investments held-for-trading had been 10% (2010: 10%) higher/lower:

- the Group's profit for the year ended 31 March 2011 would increase/decrease by HK$12,118,000 (2010: profit would increase/decrease by HK$5,137,000) 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 2011 would increase/decrease by HK$689,000 (2010: profit would increase/decrease by HK$354,000) as a result of the changes in fair value of investments held-for-trading.

30. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Price risk (Continued)

If the prices of the available-for-sale investments had been 10% (2010: 10%) higher, the Group's and the Company's investment revaluation reserve would increase by HK$3,185,000 (2010: HK$2,465,000) 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% (2010: 10%) lower, the Group's and the Company's investment revaluation reserve would decrease by HK$3,185,000 (2010: HK$2,465,000) as a result of the changes in fair value of available-for-sale investments.

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 2011 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 bank and other deposits, bank balances, 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 sound financial positions and deposits with two security brokers.

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

30. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

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	
	31.3.2011	31.3.2010	1.4.2009	**31.3.2011**	31.3.2010
	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***	*HK$'000*
0-1 year or on demand	26,964	25,518	26,888	7,227	24,156
Total undiscounted cash flows	26,964	25,518	26,888	7,227	24,156
Carrying amounts	26,964	25,518	26,888	7,227	24,156

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's and the Company's financial instruments that are measured subsequent to initial recognition at fair value, including listed equity securities which are classified as available-for-sale investments and investments held for trading 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 consolidated 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$1,539,254,000 (2010: HK$1,369,375,000) based on the valuation 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 and estimates of future rental income from properties using current market rentals and yields as inputs. 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$122,006,000 (2010: HK$18,305,000). This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. 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.

c. *Estimated provision for impairment of trade and other 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$4,288,000 (2010: HK$3,111,000). 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 2011 and 31 March 2010 are as follows:

Name of company	Place of incorporation/ registration	Paid-up capital	Proportion of nominal value of issued capital held by the Company 2011	2010	Principal activities
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 2011 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 132-140 Kwok Shui Road, Kwai Chung, New Territories, Hong Kong	Medium-term lease	100%	421,000	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 to 7/F of Chivas Godown 60 Ka Yip Street, Chai Wan, Hong Kong	Long-term lease	100%	318,500	Godown premises

安全貨倉有限公司

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