安全貨倉有限公司
SAFETY GODOWN CO LTD

(Incorporated in Hong Kong with limited liability)
(Stock code: 237)

ANNUAL RESULTS ANNOUNCEMENT – 2009/2010

The Board of Directors of Safety Godown Company, Limited (the "Company") is pleased to announce that the audited results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2010 are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended 31 March 2010

	Notes	**2010** **HK$'000**	2009 HK$'000
Turnover	3	**95,106**	109,786
Income from godown operations		**17,996**	23,914
Income from property investment		**76,227**	82,718
Gains (losses) on investments			
Fair value gain (loss) on investments held for trading		**12,894**	(10,871)
Impairment loss on available-for-sale investments		–	(7,568)
Interest income		**41**	2,071
Dividend income		**842**	1,083
Other income		**4,451**	1,873
Increase (decrease) in fair value of investment properties		**210,809**	(264,075)
Staff costs		**(21,609)**	(20,263)
Depreciation of property, plant and equipment		**(1,962)**	(1,902)
Release of prepaid lease payments		**(226)**	(227)
Other expenses		**(8,929)**	(13,155)
Profit (loss) before taxation	5	**290,534**	(206,402)
Taxation	6	**(46,073)**	39,456
Profit (loss) for the year attributable to owners of the Company		**244,461**	(166,946)

	Note	2010 HK$'000	2009 HK$'000
Other comprehensive income (expense)			
Fair value gain (loss) of available-for-sale investments		**9,873**	(18,218)
Revaluation surplus on transfer of owner-occupied property to investment properties		**1,714**	–
Deferred tax on revaluation surplus on transfer of owner-occupied property to investment properties		**(283)**	–
Impairment loss on available-for-sale investments recognised in profit or loss		**–**	7,568
Effect on change in tax rate in respect of deferred tax on revaluation surplus		**–**	745
Other comprehensive income (expense) for the year (net of tax)		**11,304**	(9,905)
Total comprehensive income (expense) for the year attributable to owners of the Company		**255,765**	(176,851)
Earnings (loss) per share – Basic	*8*	**HK$1.81**	(HK$1.24)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2010

	Note	2010 *HK$'000*	2009 *HK$'000*
Non-current assets			
Investment properties		**1,369,375**	1,143,600
Property, plant and equipment		**7,814**	8,499
Prepaid lease payments		**10,264**	10,490
Available-for-sale investments		**24,652**	14,779
		1,412,105	1,177,368
Current assets			
Prepaid lease payments		**227**	227
Investments held for trading		**61,518**	18,726
Trade and other receivables	*9*	**8,979**	8,326
Tax recoverable		**861**	338
Bank deposits		**156,732**	184,792
Bank balances and cash		**68,797**	36,861
		297,114	249,270
Current liabilities			
Other payables		**29,692**	30,310
Tax payable		**2,006**	1,397
		31,698	31,707
Net current assets		**265,416**	217,563
		1,677,521	1,394,931
Capital and reserves			
Share capital		**135,000**	135,000
Reserves		**1,389,741**	1,144,776
Equity attributable to owners of the Company		**1,524,741**	1,279,776
Non-current liabilities			
Deferred tax liabilities		**150,423**	112,857
Provision for long service payments		**2,357**	2,298
		152,780	115,155
		1,677,521	1,394,931

NOTES:

1. BASIS OF PREPARATION

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.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("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 of Hong Kong Limited.

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

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

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

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

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

HKFRS 8 "Operating Segments" is a disclosure standard that has not resulted in a redesignation of the Group's reportable segments (see note 4) nor changes in the basis of measurement of segment profit or loss, segment assets and segment liabilities.

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

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

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

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

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

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

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

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

3. TURNOVER

Turnover represents the following revenue recognised during the year:

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

4. SEGMENT INFORMATION

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

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

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

Segment information about these operating segments is presented below:

For the year ended 31 March 2010

	Godown operations *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**
Taxation						**(46,073)**
Profit for the year attributable to owners of the Company						**244,461**

For the year ended 31 March 2009

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

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

Segment result	9,385	71,499	(18,207)	62,677	–	62,677
Decrease in fair value of investment properties						(264,075)
Central administrative costs						(5,004)
Loss before taxation						(206,402)
Taxation						39,456
Loss for the year attributable to owners of the Company						(166,946)

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

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

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

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

Information about major customers

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

Revenue from major services and investments

Analysis of the Group's revenue from its major services and investments are set out in note 3.

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

5. PROFIT (LOSS) BEFORE TAXATION

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

6. TAXATION

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

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

7. DIVIDENDS

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

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

8. **EARNINGS (LOSS) PER SHARE – BASIC**

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

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

9. **TRADE AND OTHER RECEIVABLES**

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

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

	2010	2009
	HK$'000	*HK$'000*
Within 60 days	**2,823**	2,873
61-90 days	**285**	149
Over 90 days	**3**	36
	3,111	3,058
Other receivables	**3,696**	3,501
Prepayments and deposits	**2,172**	1,767
	8,979	8,326

DIVIDENDS

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

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Tuesday, 10 August 2010. The notice of Annual General Meeting will be published on the website of the Hong Kong Exchanges and Clearing Limited ("HKEx") at www.hkex.com.hk and on the website of the Company at www.safetygodown.com and despatched to the shareholders in due course as required by the Listing Rules.

CLOSURE OF MEMBERS REGISTER

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

BUSINESS REVIEW

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

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

OUTLOOK

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

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

FINANCIAL RESULTS

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

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

PROPERTY INVESTMENT

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

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

GODOWN OPERATION

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

TREASURY INVESTMENT

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

In addition to the fair value gain of HK$12,894,000 generated from the investment held for trading, the Group also reported a fair value gain on available-for-sale investment of HK$9,873,000 (2009: a fair value loss of HK$18,218,000). Such gains or losses are reflected in the "other comprehensive income" in the consolidated statement of comprehensive income.

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

OPERATING EXPENSES

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

DIVIDEND POLICY

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

PLEDGE OF ASSETS

At 31 March 2010, the Group has pledged its investment properties and property, plant and equipment with carrying values of HK$93,000,000 (2009: HK$80,500,000) and HK$4,763,000 (2009: HK$4,953,000), respectively, to banks to secure general banking facilities to the extent of HK$69,000,000 (2009: HK$69,000,000) granted to the Group. At 31 March 2009 and 31 March 2010, none of these facilities was utilised by the Group.

EMPLOYEES

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

CONTINGENT LIABILITIES

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

PURCHASE, SALE OR REDEMPTION OF SHARES

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

AUDIT COMMITTEE

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.

The Audit Committee, together with the management of the Company, have reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the review of the audited consolidated financial statements of the Group for the year ended 31 March 2010.

CODE ON 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 2010 except for the 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 at least one-third of the Board members are represented by Independent Non-executive Directors throughout the year. The Board believes that this structure enables the Group to make and implement decisions promptly and efficiently. The Chairman ensures that all Directors are properly briefed on the 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.

The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

OTHER INFORMATION

The annual report of the Company for the year ended 31 Mach 2010 containing all the information required by the Listing Rules will be published on the websites of the HKEx at www.hkex.com.hk and the Company at www.safetygodown.com and despatched to shareholders in due course.

By Order of the Board
Wong Leung Wai
Company Secretary

Hong Kong, 29 June 2010

As at the date of this announcement, the Board of Directors of the Company consists of:–

Lu Sin	*Chairman and Managing Director*
Lui Chi Lung	*Executive Director*
Lu Wing Yee, Wayne	*Executive Director*
Oen Min Tjin	*Executive Director*
Lu Yong Lee	*Non-executive Director*
Lee Ka Sze, Carmelo	*Non-executive Director*
Gan Khai Choon	*Independent Non-executive Director*
Lam Ming Leung	*Independent Non-executive Director*
Leung Man Chiu, Lawrence	*Independent Non-executive Director*