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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 – 2011/2012

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 2012 are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2012

	Notes	**2012** ***HK$'000***	2011 *HK$'000* (restated)
Turnover	*3*	**111,941**	95,614
Income from godown operations		**31,150**	22,262
Income from property investment		**76,222**	68,480
Fair value (loss) gain on investments held for trading		**(967)**	33,100
Interest income		**1,913**	888
Dividend income		**2,656**	3,984
Other income and gains		**1,445**	9,034
Increase in fair value of investment properties		**251,635**	275,540
Staff costs		**(20,976)**	(21,528)
Depreciation of property, plant and equipment		**(8,031)**	(3,025)
Other expenses		**(13,502)**	(13,818)
Profit before taxation	*5*	**321,545**	374,917
Taxation	*6*	**(12,618)**	(15,363)
Profit for the year attributable to owners of the Company		**308,927**	359,554
Other comprehensive (loss) income			
Fair value (loss) gain of available-for-sale investments		**(8,918)**	7,198
Total comprehensive income for the year attributable to owners of the Company		**300,009**	366,752
Earnings per share – Basic	*8*	**HK$2.29**	HK$2.66

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2012

	Note	**31.3.2012**	31.3.2011	1.4.2010
		HK$'000	*HK$'000*	*HK$'000*
			(restated)	(restated)
Non-current assets				
Investment properties		**1,775,820**	1,539,254	1,369,375
Property, plant and equipment		**114,394**	122,006	18,305
Available-for-sale investments		**22,932**	31,850	24,652
Held-to-maturity investment		**8,156**	–	–
		1,921,302	1,693,110	1,412,332
Current assets				
Investments held for trading		**74,484**	145,123	61,518
Trade and other receivables	*9*	**9,695**	10,463	8,979
Tax recoverable		**492**	1,965	861
Bank and other deposits		**88,474**	165,382	156,732
Bank balances and cash		**81,620**	20,678	68,797
		254,765	343,611	296,887
Current liabilities				
Other payables		**32,373**	32,301	29,692
Tax payable		**1,659**	4,568	2,006
		34,032	36,869	31,698
Net current assets		**220,733**	306,742	265,189
		2,142,035	1,999,852	1,677,521
Capital and reserves				
Share capital		**135,000**	135,000	135,000
Share premium and reserves		**1,958,859**	1,819,500	1,499,998
Equity attributable to owners of the Company		**2,093,859**	1,954,500	1,634,998
Non-current liabilities				
Deferred tax liabilities		**45,935**	42,801	40,166
Provision for long service payments		**2,241**	2,551	2,357
		48,176	45,352	42,523
		2,142,035	1,999,852	1,677,521

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 ("Listing Rules").

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

In the current year, the Group and the Company has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets
Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 12 "Income Taxes" (applied in advance of their effective date)

The Group has applied amendments to HKAS 12 titled "Deferred Tax – Recovery of Underlying Assets" in advance of their effective date (annual periods beginning on or after 1 April 2012). Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property" are presumed to be recovered through sale for the purposes of measuring deferred tax, unless the presumption is rebutted in certain circumstances.

As a result, the Group's investment properties that are measured using the fair value model have been presumed to be recovered through sale for the purpose of measuring deferred tax in respect of such properties. The application of the amendments has resulted in the Group's deferred tax liabilities being decreased by HK$110,257,000 and HK$155,062,000 as at 1 April 2010 and 31 March 2011, respectively, with the corresponding adjustment being recognised in retained profits. In addition, the application has resulted in the Group's taxation decreased by HK$44,805,000 and profit for the year ended 31 March 2011 being increased by HK$44,805,000 respectively.

In the current year, no deferred tax has been provided for in respect of changes in fair value of such investment properties, whereas previously deferred tax liabilities were provided for in relation to the changes in fair value of such investment properties. The application of the amendments has resulted in the Group's income tax expense for the year ended 31 March 2012 being reduced by HK$41,520,000, and profit for the year ended 31 March 2012 being increased by HK$41,520,000.

The effect of the application of amendments to HKAS 12 on the results for the current and prior periods presented in the consolidated statement of comprehensive income is as follows:

	2012	2011
	HK$'000	*HK$'000*
Decrease in taxation of the Group and increase in profit for the year	**41,520**	44,805

	2012	2011
	HK$	*HK$*
Impact on basic earnings per share:		
Basic earnings per share before adjustment	**1.98**	2.33
Adjustment in relation to application of amendments to HKAS 12 in respect of deferred tax on investment properties	**0.31**	0.33
Reported/restated basic earnings per share	**2.29**	2.66

The effect of the application of amendments to HKAS 12 on the financial positions of the Group as at 31 March 2011 and 1 April 2010 are as follows:

	31.3.2011 (originally stated)	Adjustments	31.3.2011 (restated)
	HK$'000	*HK$'000*	*HK$'000*
Effects on net assets:			
Deferred tax liabilities	197,863	(155,062)	42,801
Effects on equity:			
Retained profits	1,540,533	155,062	1,695,595

	1.4.2010 (originally stated)	Adjustments	1.4.2010 (restated)
	HK$'000	*HK$'000*	*HK$'000*
Effects on net assets:			
Deferred tax liabilities	150,423	(110,257)	40,166
Effects on equity:			
Retained profits	1,273,034	110,257	1,383,291

The Group and the Company have not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle[2]
Amendments to HKFRS 7	Disclosures – Transfer of Financial Assets[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2015
[4] Effective for annual periods beginning on or after 1 July 2012
[5] Effective for annual periods beginning on or after 1 January 2014

HKFRS 9 "Financial Instruments"

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKAS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be subsequently measured at 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 reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. 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 recognition 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. 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 2015, with earlier application permitted.

The directors anticipate that HKFRS 9 will be adopted in the consolidated financial statements for the annual period beginning on 1 April 2015. Based on an analysis of the financial instruments of the Group and the Company as at 31 March 2012, the adoption of HKFRS 9 may affect the classification and/or measurement of the Group's and Company's financial assets but not on the Group's and the Company's financial liabilities.

HKFRS 13 "Fair Value Measurement"

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial Instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 April 2013 and that the application of the new standard may affect the measurement of the fair value reported in the consolidated financial statements and will result in more extensive disclosures in the consolidated financial statements.

For other new and revised HKFRSs, the directors of the Company anticipate that their application will have no material impact on the results and the financial position of the Group and the Company.

3. TURNOVER

Turnover represents the following revenue recognised during the year:

	2012 *HK$'000*	2011 *HK$'000*
Income from godown operations	**31,150**	22,262
Income from property investment	**76,222**	68,480
Dividend income from listed investments	**2,656**	3,984
Bank interest income	**1,288**	888
Other interest income	**625**	–
	111,941	95,614

4. SEGMENT INFORMATION

Information analysed on the basis of the operation of the Group's businesses, including godown operations, property investment and treasury investment, is 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

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

For the year ended 31 March 2012

	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	**31,150**	**76,222**	**4,569**	**111,941**	**–**	**111,941**
Inter-segment revenue	**–**	**4,237**	**–**	**4,237**	**(4,237)**	**–**
Total	**31,150**	**80,459**	**4,569**	**116,178**	**(4,237)**	**111,941**

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

Segment result	**16,615**	**54,666**	**3,891**	**75,172**	**–**	**75,172**
Increase in fair value of investment properties						**251,635**
Other administrative costs						**(5,262)**
Profit before taxation						**321,545**

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.

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

Segment profit/loss represents the profit earned/loss incurred by each segment without allocation of increase in fair value of investment properties, other administrative costs, which include directors' fees, other expenses that are not directly related to the core business. 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's corporate assets and tax recoverable; and
- all liabilities are allocated to operating segments other than the Group's corporate liabilities, tax payable and deferred tax liabilities.

Information about major customers

The aggregate sales attributable to the Group's five largest customers accounted for 31% (2011: 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.

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

5. PROFIT BEFORE TAXATION

	2012 *HK$'000*	2011 *HK$'000*
Profit before taxation has been arrived at after charging:		
Auditor's remuneration		
– audit service	**751**	754
– non-audit services	**235**	229
Impairment loss recognised on other receivables (included in other expenses)	**1,810**	–
(Reversal of) impairment loss recognised on trade receivables (included in other expenses)	**(148)**	148
and after crediting:		
Gross rental income from investment properties	**76,222**	68,480
Less: direct operating expenses for investment properties that generated rental income during the year	**(3,970)**	(4,102)
Net rental income	**72,252**	64,378
Dividend income from listed securities		
– available-for-sale investments	**701**	701
– investments held for trading	**1,955**	3,283
Bank interest income	**1,288**	888
Interest income from held-to-maturity investment	**532**	–
Other interest income	**93**	–
Exchange gain, net (included in other income and gains)	**956**	8,578
Gain on disposal of property, plant and equipment (included in other income and gains)	**–**	140

6. TAXATION

	2012 *HK$'000*	2011 *HK$'000* (restated)
The charge comprises:		
Hong Kong Profits Tax		
Current year	**9,355**	12,702
Underprovision in prior years	**129**	26
	9,484	12,728
Deferred taxation		
Current year	**3,134**	2,635
	12,618	15,363

Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) of the estimated assessable profit for the year.

7. DIVIDENDS

	2012 *HK$'000*	2011 *HK$'000*
Interim dividend paid in respect of 2012 – HK7 cents (2011: HK7 cents) per ordinary share	**9,450**	9,450
Special dividend paid in respect of 2012 – HK93 cents (2011: HK3 cents) per ordinary share	**125,550**	4,050
Final dividend paid in respect of 2011 – HK7 cents (2010: HK7 cents) per ordinary share	**9,450**	9,450
Special dividend paid in respect of 2011 – HK12 cents (2010: HK18 cents) per ordinary share	**16,200**	24,300
	160,650	47,250
Dividend proposed:		
Final dividend – HK7 cents (2011: HK7 cents) per ordinary share	**9,450**	9,450
Special dividend – HK12 cents (2011: HK12 cents) per ordinary share	**16,200**	16,200

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.

8. 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$308,927,000 (2011: HK$359,554,000) and on 135,000,000 shares in issue throughout both years.

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

9. TRADE AND OTHER RECEIVABLES

	31.3.2012 *HK$'000*	31.3.2011 *HK$'000*	1.4.2010 *HK$'000*
Within 60 days	**4,663**	3,940	2,823
61–90 days	**614**	195	285
Over 90 days	**4**	153	3
	5,281	4,288	3,111
Other receivables	**1,120**	3,724	3,696
Prepayments and deposits	**3,294**	2,451	2,172
	9,695	10,463	8,979

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 2012, to shareholders whose names appear on the register of members on 22 August 2012 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 3 September 2012. Together with the interim dividend of HK7 cents per share and special dividend of HK93 cents per share already paid, the total distribution for the year ended 31 March 2012 will be HK$1.19 per share. Total distribution for the previous year was HK29 cents per share.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Monday, 13 August 2012. 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

To ascertain the shareholders' entitlement to attend and vote at the meeting, the Register of Members will be closed from Thursday, 9 August 2012 to Monday, 13 August 2012, both days inclusive, during which period no transfer of shares can be registered. In order to be eligible to attend and vote at the meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Tricor Standard Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on Wednesday, 8 August 2012.

To ascertain the shareholders' entitlement to the proposed final dividend and special dividend, the Register of Members will be closed from Monday, 20 August 2012 to Wednesday, 22 August 2012, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the 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, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on Friday, 17 August 2012.

BUSINESS REVIEW

During the year under review, the US Federal Reserve ended the second round of quantitative easing whilst market concerns over potential deterioration in the Eurozone debt crisis intensified. Meanwhile, as the Chinese Government has adopted macroeconomic control measures to curb inflation, the economic growth of China has fallen below estimates. Amidst fluctuations in the global financial markets, Hong Kong's foreign trade volume continued to slide with a decline in overall exports, leading to weak demand for the logistics and warehousing industries in the territory.

Since the items stored in our godowns were principally paper materials and goods for domestic demand, which were adversely impacted by the weakened exports to a lesser extent, godown rental income jumped significantly compared to the same period last year. Returns on treasury investments during the year declined as a result of the sharp volatility in the stock market.

With the growing number of financial institutions and enterprise groups moving away from core commercial zones, there has been rising demand for leased properties in Kowloon East. With occupancy rate for Lu Plaza standing at 90%, stable rental income was brought to the Group. Furthermore, lessees of our godown space have been predominately high quality corporations. As rentals applicable to certain lessees were raised during the period, the overall rental income for the period also increased from last year.

Certain non-core investment properties were disposed of at HK$16,700,000 during the year. The disposal was at a gain to the Group.

OUTLOOK

Due to the slow recovery in the US economy and potential deterioration in the Eurozone debt crisis, many countries are expecting the US to launch another round of quantitative easing. Foundation of the global economy is still apparently weak. While China's economy is in the course of soft landing and some traditional markets are vanishing, the demand for import is anticipated to decline, thus creating obstacles to the closely bonded import and export industries of Hong Kong. The warehousing industry, nevertheless linked with the supply chains, will inevitably receive some extent of impact.

With the business model adopted over the past few years, the Group has secured the leasing of godown spaces by large clients, In addition, the outlook for the rental market in Kowloon East is still promising. Therefore, we anticipate that the overall rental income of the Group will remain stable.

As the Group resolved to postpone the redevelopment plan of Safety Godown No. 4 warehouse at Kwok Shui Road, Kwai Chung in mid of last year, part of the funds previously reserved for the redevelopment project was distributed to shareholders as interim dividends at the rate of HK$0.93 per share as special dividend together with an ordinary dividend of HK$0.07 per share. The total dividend per share was HK$1.00, corresponding to a total distribution of HK$135 million to the shareholders. Facing the uncertainties in the economy and the property market of Hong Kong, the Management is considering different possibilities regarding the future development of the Safety Godown No. 4 warehouse. In other words, Safety Godown No. 4 warehouse will remain status quo and their operations will continue.

In response to the Hong Kong SAR Government's initiative to promote revitalization of old industrial buildings, the Group plans to apply for converting Lu Plaza, which is currently an industrial and commercial building, into non-industrial use. Professional agents have been appointed to conduct necessary study and planning. While the project is only in the preliminary stage, commencement of the actual development works in the short run is not expected.

FINANCIAL RESULTS

The Group's turnover continued to record growth and reached HK$111,941,000 in 2012, representing an increase of 17.08% from HK$95,614,000 in 2011. Profit for the year reported at HK$308,927,000 comparing to profits of HK$359,554,000 last year. If excluding the fair value change in investment properties, the underlying profit was HK$57,292,000, a drop of 31.81% from HK$84,014,000 last year. The decrease in profit was mainly attributable to the decrease in contribution from treasury investment during the year. Basic earnings per share dropped to HK$2.29 (2011: HK$2.66).

GODOWN OPERATIONS

The performance in the godown operations was impressive this year. Turnover from godown operations grew by 39.92% to HK$31,150,000, while profits generating from godown operations surged by 114.72% to HK$16,615,000 this year. The growth in revenue and profit margin was mainly attributable to the increase in godown spaces which were transferred from investment properties last year and the upward adjustments in godown rentals during the year.

PROPERTY INVESTMENT

The Group has continued to deliver solid performance in property investment. Albeit the increase in supply of offices in Eastern Kowloon in recent years, the demand for office space in the area has also increased as a result of the rapid increase in rental levels in core commercial areas. Turnover and profit contribution from leasing for the year ended 31 March 2012 increased by 11.31% to HK$76,222,000 and by 4.79% to HK$54,666,000 respectively. The Group's core investment property, Lu Plaza, is located at Kowloon East which is now developing as an emerging business district. It continues to generate steady streams of revenue to the Group. Overall occupancy level stood at 90% throughout the year with rental rates increased slightly.

During the year, the Group disposed of two small investment properties at a total consideration of HK$16,700,000 and achieved a gain on disposal of HK$2,482,000, which was included in the fair value gain on investment properties of HK$251,635,000. At 31 March 2012, the Group's investment properties were revalued at HK$1,775,820,000 (2011: HK$1,539,254,000).

TREASURY INVESTMENT

In the past 12 months, the global economy has been impacted by the sovereign debt crisis in the Eurozone which has caused volatility in Hong Kong stock market. During the period, Hang Seng Index experienced a big rally by tumbling around 8,100 points from April 2011 to October 2011 and recovered around 4,300 points up to the year end date. In view of the uncertain economic climate, the Group had reduced its securities investment weightings from HK$145,123,000 to HK$74,484,000. In addition, in order to earn steady interest income, the Group had acquired an Australian dollar bond investment which bears fixed interest of 7.75% per annum. Hence, the interest income increased by 115.43% to HK$1,913,000 this year while dividend income from listed investments decreased by 33.33% to HK$2,656,000 this year. Profits generated from treasury investment dropped significantly from HK$45,430,000 in 2011 to HK$3,891,000 this year.

The Group's primary foreign exchange exposure arises from Australian dollar fixed deposits and bond investments. During the year the Group had net exchange gain of HK$956,000 (2011: HK$8,578,000). The Group continuously closely monitor the foreign exchange risk exposure resulted from the foreign currency investments.

The Group recorded a fair value loss on available-for-sale investments of HK$8,918,000 (2011: fair value gain of HK$7,198,000) which was included in the investment revaluation reserve. As at 31 March 2012, the available-for-sale investments amounted to HK$22,932,000 (31 March 2011: HK$31,850,000).

The Group will continue to adhere to a policy of financial prudence in managing treasury investment. Securities investment comprised principally securities listed in Hong Kong.

OPERATING EXPENSES

The Group's depreciation charge for fixed assets increased significantly from HK$3,025,000 to HK$8,031,000 this year. The increase was mainly resulted from reclassification of a 4 storeys investment property to property, plant and equipment last year.

Total staff costs were maintained at HK$20,976,000 (2011: HK$21,528,000). There was no finance cost incurred by the Group as there were no bank borrowings during the year.

LIQUIDITY AND FINANCIAL RESOURCES

Despite payments of generous dividends in the aggregate amount of HK$160,650,000 during the year, the financial and cash position of the Group has remained strong. As at 31 March 2012, the total bank balances amounted to HK$170,094,000 (2011: HK$186,060,000). The current ratio maintained at a high level of 7.49 times (31 March 2011: 9.32 times). The Group does not have any significant long term liabilities except the provision for long service payment and deferred tax liabilities.

Recurring cash flows from our business continued to remain steady and strong. During the year, the net cash generated from operating activities amounted to HK$138,348,000 (2011: HK$8,706,000). The Group has sufficient reserves to satisfy its short term investments and working capital requirements.

The shareholders' funds as at 31 March 2012 amounted to HK$2,093,859,000, a further increase of 7.13% from last year, with the net asset value per share of the Group as at 31 March 2012 stood at HK$15.51 (2011: HK$14.48).

DIVIDEND POLICY

It is the Group's intention to provide shareholders with relatively consistent dividend income over the long term. 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 2012, the Group has pledged a leasehold property with a carrying value of HK$102,386,000 (2011: HK$109,433,000) to a bank to secure a general banking facility to the extent of HK$69,000,000 (2011: HK$69,000,000) granted to the Group. At 31 March 2011 and 31 March 2012, this facility was not utilised by the Group.

EMPLOYEES

As at 31 March 2012, the Group employed 64 (2011: 65) 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 2012, 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 2012.

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 2012 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 over 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. 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 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 2012.

OTHER INFORMATION

The annual report of the Company for the year ended 31 March 2012 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, 28 June 2012

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

Lu Sin	*Chairman and Managing Director*
Lu Wing Yee, Wayne	*Executive Director*
Oen Min Tjin	*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*