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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 – 2012/2013

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 2013 are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2013

	Notes	2013 HK\$'000	2012 HK\$'000
Turnover	3	<u>119,758</u>	<u>111,941</u>
Income from godown operations		32,752	31,150
Income from property investment		84,030	76,222
Fair value gain (loss) on investments held for trading		5,653	(967)
Interest income		1,577	1,913
Dividend income		1,399	2,656
Other income and gains		461	1,445
Increase in fair value of investment properties		754,508	251,635
Staff costs		(19,171)	(20,976)
Depreciation of property, plant and equipment		(7,183)	(8,031)
Other expenses		<u>(14,914)</u>	<u>(13,502)</u>
Profit before taxation	5	839,112	321,545
Taxation	6	<u>(14,992)</u>	<u>(12,618)</u>
Profit for the year attributable to owners of the Company		824,120	308,927
Other comprehensive income (loss)			
Fair value gain (loss) of available-for-sale investments		<u>8,982</u>	<u>(8,918)</u>
Total comprehensive income for the year attributable to owners of the Company		<u>833,102</u>	<u>300,009</u>
Earnings per share – Basic	8	<u>HK\$6.10</u>	<u>HK\$2.29</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2013

	<i>Note</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Non-current assets			
Investment properties		2,534,400	1,775,820
Property, plant and equipment		108,196	114,394
Available-for-sale investments		31,914	22,932
Held-to-maturity investment		8,164	8,156
		2,682,674	1,921,302
Current assets			
Investments held for trading		73,769	74,484
Trade and other receivables	9	8,871	9,695
Tax recoverable		21	492
Bank and other deposits		102,497	88,474
Bank balances and cash		105,691	81,620
		290,849	254,765
Current liabilities			
Other payables		23,711	20,806
Tax payable		2,540	1,659
		26,251	22,465
Net current assets		264,598	232,300
		2,947,272	2,153,602
Capital and reserves			
Share capital		135,000	135,000
Share premium and reserves		2,746,061	1,958,859
Equity attributable to owners of the Company		2,881,061	2,093,859
Non-current liabilities			
Long-term tenant's deposits received		13,910	11,567
Deferred tax liabilities		49,255	45,935
Provision for long service payments		3,046	2,241
		66,211	59,743
		2,947,272	2,153,602

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income ⁴
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ²
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets ²
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine ¹
HK(IFRIC) - Int 21	Levies ²

¹ Effective for annual periods beginning on or after 1 January 2013

² Effective for annual periods beginning on or after 1 January 2014

³ Effective for annual periods beginning on or after 1 January 2015

⁴ Effective for annual periods beginning on or after 1 July 2012

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.

All recognised financial assets that are within the scope of HKAS 39 “Financial Instruments: Recognition and Measurement” are 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 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 2013, 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 will be adopted in the Group’s consolidated financial statements for the annual period beginning on 1 April 2013 and the directors of the Company anticipate that the application of the new standard will have no material impact on the amounts reported in the consolidated financial statements and will result in more extensive disclosures in the consolidated financial statements.

For other new and revised standards, amendments and interpretation, 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:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Income from godown operations	32,752	31,150
Income from property investment	84,030	76,222
Dividend income from listed investments	1,399	2,656
Bank interest income	967	1,288
Other interest income	610	625
	<u>119,758</u>	<u>111,941</u>

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 2013

	Godown operations <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<i>Turnover</i>						
External revenue	32,752	84,030	2,976	119,758	–	119,758
Inter-segment revenue	–	9,217	7,635	16,852	(16,852)	–
Total	<u>32,752</u>	<u>93,247</u>	<u>10,611</u>	<u>136,610</u>	<u>(16,852)</u>	<u>119,758</u>
<i>Segment result</i>						
External segment result	19,090	63,590	6,787	89,467	–	89,467
Inter-segment result	(9,217)	1,582	7,635	–	–	–
Total	<u>9,873</u>	<u>65,172</u>	<u>14,422</u>	<u>89,467</u>	<u>–</u>	<u>89,467</u>
Increase in fair value of investment properties						754,508
Other administrative costs						(4,863)
Profit before taxation						<u>839,112</u>

For the year ended 31 March 2012

	Godown operations <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<i>Turnover</i>						
External revenue	31,150	76,222	4,569	111,941	–	111,941
Inter-segment revenue	–	4,237	8,330	12,567	(12,567)	–
Total	31,150	80,459	12,899	124,508	(12,567)	111,941
<i>Segment result</i>						
External segment result	16,615	54,666	3,891	75,172	–	75,172
Inter-segment result	(4,237)	(4,093)	8,330	–	–	–
Total	12,378	50,573	12,221	75,172	–	75,172
Increase in fair value of investment properties						251,635
Other administrative costs						(5,262)
Profit before taxation						321,545

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 29% (2012: 31%) 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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration		
– audit service	791	751
– non-audit services	244	235
Impairment loss recognised on other receivables (included in other expenses)	–	1,810
Exchange loss (gain), net	674	(956)
Gross rental income from investment properties	(84,030)	(76,222)
Less: direct operating expenses for investment properties that generated rental income during the year	<u>6,010</u>	<u>3,970</u>
Net rental income	(78,020)	(72,252)
Dividend income from listed securities		
– available-for-sale investments	(701)	(701)
– investments held for trading	(698)	(1,955)
Bank interest income	(967)	(1,288)
Interest income from held-to-maturity investment	(610)	(532)
Other interest income	<u>–</u>	<u>(93)</u>

6. TAXATION

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
The charge comprises:		
Hong Kong Profits Tax		
Current year	11,813	9,355
(Over)underprovision in prior years	<u>(141)</u>	<u>129</u>
	11,672	9,484
Deferred taxation		
Current year	<u>3,320</u>	<u>3,134</u>
	<u>14,992</u>	<u>12,618</u>

Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) of the estimated assessable profit for the year.

7. DIVIDENDS

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Interim dividend paid in respect of 2013 – HK7 cents (2012: HK7 cents) per ordinary share	9,450	9,450
Special dividend paid in respect of 2013 – HK8 cents (2012: HK93 cents) per ordinary share	10,800	125,550
Final 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 – HK12 cents (2011: HK12 cents) per ordinary share	16,200	16,200
	45,900	160,650
Dividend proposed:		
Final dividend – HK7 cents (2012: HK7 cents) per ordinary share	9,450	9,450
Special dividend – HK13 cents (2012: HK12 cents) per ordinary share	17,550	16,200

A final dividend of HK7 cents per share, amounting to HK\$9,450,000 and a special dividend of HK13 cents per share, amounting to HK\$17,550,000 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

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of HK\$824,120,000 (2012: HK\$308,927,000) 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

The aged analyses of trade customers of the Group presented based on the billing date, which approximate revenue recognition date, are as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Within 60 days	5,479	4,663
61-90 days	558	614
Over 90 days	27	4
	6,064	5,281
Other receivables	702	1,120
Prepayments and deposits	2,105	3,294
	8,871	9,695

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 HK13 cents per share, amounting to HK\$17,550,000 for the year ended 31 March 2013, to shareholders whose names appear on the register of members on 21 August 2013 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 2013. Together with the interim dividend of HK7 cents per share and special dividend of HK8 cents per share already paid, the total distribution for the year ended 31 March 2013 will be HK35 cents per share. Total distribution for the previous year was HK\$1.19 per share.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Tuesday, 13 August 2013. 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 Friday, 9 August 2013 to Tuesday, 13 August 2013, 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 Thursday, 8 August 2013.

To ascertain the shareholders’ entitlement to the proposed final dividend and special dividend, the Register of Members will be closed from Monday, 19 August 2013 to Wednesday, 21 August 2013, 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, 16 August 2013.

BUSINESS REVIEW

The European debt crisis continued throughout the second half of 2012, and the third round of quantitative easing introduced by the Federal Reserve created an economic environment with continuing low interest rates, attracting hot money from around the world into the financial market and leading to market fluctuation. The economic slowdown in China and other emerging markets also affected Hong Kong’s economy. Property prices kept breaking the record highs, inflation hovered at a high level and export trade started to fall. With the mounting inflation pressure and weakening export, the godown and logistic industries are experiencing hard times.

Fortunately, the demand for the Group's logistic services is mainly sourced from paper materials and domestic products, income from the godown business has gone up slightly. The leasing business of the Group is benefited from the rise in the overall rental rates in Hong Kong property market, particularly in Eastern Kowloon. With good building quality and professional property management, the Group's investment properties remained at an occupancy rate of 90%, bringing in steadily rise of rental income for the Group. Regarding the performance of the treasury investment sector, the Group had made some adjustments in its securities investment portfolio weightings during the year, dividend income notably fell therefore slowing the growth of overall performance in treasury investment.

OUTLOOK

The global economy is still in a gloomy phase of post-financial crisis, and major structural economic issues have yet to be solved. The genuine solution to the US's fiscal cliff problems has been delayed, removing its economy from any signs of recovery. The real economy in Eurozone is trapped in recession, while the fast depreciation of the Japanese Yen has raised market concerns about the outbreak of a currency war. It is estimated that the Central Government will introduce measures for further financial reform, and domestic demand and investment will be the key economic driving forces. The prospects for exports in Hong Kong may witness some improvement and the development of the godown industry is likely to level off. Nevertheless, the overall performance of the godown industry might also be adversely affected by various local and global uncertainties. The Group's godown business will continue to retain paper materials as the main source of goods storage with the objective to pursuing stable performance.

The feasibility study and initial implementation plan for the revitalization and conversion of Lu Plaza to non-industrial use by the consulting agency and architectural company has basically been completed. This will now move to the discussion phase and will be included on the regular agenda for further implementation. It is hoped that the conversion plan can be put into effect as soon as possible, and application can then be submitted to the Authorities for approval. Rental income of Lu Plaza before the revitalization will remain at a stable level, and a more optimistic rental growth can be expected as development and infrastructure in the Eastern Kowloon commercial district matures.

The Group's property located at Kwok Shui Road, Kwai Chung has attracted more market attention since its listing for sale via public tender last year. The Group is now conducting negotiations with potential buyers and will disclose appropriate information if there is any further progress with this matter.

REVIEW OF FINANCIAL RESULTS

The Group reported a profit attributable to shareholders of HK\$824,120,000 for the year ended 31 March 2013, an increase of 166.77% or HK\$515,193,000 compared with HK\$308,927,000 in the year 2012. Earnings per share were HK\$6.10 compared to HK\$2.29 last year. Our recurring underlying profit, which excludes unrealised changes in fair value of investment property amounted to HK\$69,612,000 (2012: HK\$57,292,000), an increase of 21.50% against the previous year. The increase was primarily attributable to the increase in contribution from the three core business of the Group including godown operations, property investment and treasury investment. Basic earnings per share based on recurring underlying profit rose to HK51.56 cents (2012: HK42.44 cents), up 21.50%.

The Group's turnover for the year totalled HK\$119,758,000, increased by HK\$7,817,000 or 6.98% as compared to HK\$111,941,000 recorded in 2012. The improvement was attributable to an increase in income from godown operations and property investment.

Godown operations

The godown logistic operation performed solidly this year. Revenue from godown operations grew by 5.14% to HK\$32,752,000, despite the sluggish global economy recovery. Contribution from godown business improved by 14.90% to HK\$19,090,000. The improvement in turnover and contribution was mainly due to the steady demand for logistic services from existing customer base, increased godown rates and the success in the operating cost management.

Property investment

The redevelopment of energizing Kowloon East district into another Central Business District of Hong Kong in recent years has fuelled the growth of commercial properties in the district, both in rental and property value. Property investment operation of the Group recorded an increase in turnover of 10.24% to HK\$84,030,000 while the rental contribution grew by 16.32% as a result of the rise in rental rates. The occupancy level of the Group's flagship investment property, Lu Plaza, stood at around 90% throughout the year.

The Group's investment property portfolio was valued by independent external valuers on the basis of open market value. As at 31 March 2013, the fair value of the Group's investment properties was HK\$2,534,400,000 (31 March 2012: HK\$1,775,820,000), an increase of 42.72%. The revaluation gave rise to a fair value gain on investment properties of HK\$754,508,000 (2012: HK\$251,635,000).

Treasury investment

For the year under review, the global economy remained unstable, amidst limited recovery in the United States and decelerated growth in China economy. To achieve the objective of financial prudence, the Group had adjusted its investment portfolio weightings, with total investments held for trading maintained at the level of HK\$73,769,000 (31 March 2012: HK\$74,484,000).

Turnover of the treasury investments, which represents dividend income from listed investments and interest income, amounted to HK\$2,976,000, a reduction of HK\$1,593,000 compared to last year as a result of the change in portfolio weightings. Contribution from treasury investment appreciated by 74.43% to HK\$6,787,000. This had outperformed the Hang Seng Index benchmark which had advanced 8.48% from 20,555 points to 22,299 points.

The Group had also recorded a fair value gain on available-for-sale investment of HK\$8,982,000 (2012: fair value loss of HK\$8,918,000). The available-for-sale investments are securities listed in Hong Kong which are held for long term investment purposes. The fair value gain was included in the investment revaluation reserve account.

The Group also engage in foreign currency investments. The foreign exchange exposure principally related to Australian dollar deposits and bonds. During the year, the Group had net exchange loss of HK\$674,000 (2012: net exchange gain of HK\$956,000).

OPERATING COSTS

The Group's operating costs mainly includes depreciation, staff costs, operating and administrative expenses associated with the operations. Total staff costs had reduced by 8.61% to HK\$19,171,000 this year (2012: HK\$20,976,000) while the direct operating expenses for investment properties had increased which reflected an increase in repairs and maintenance costs of the Group's properties.

LIQUIDITY AND FINANCIAL RESOURCES

The Group continued to maintain a strong cash position. Recurring cash flows from operation continued to remain steady and strong. Net cash generated from operations amounted to HK\$89,051,000 (2012: HK\$138,348,000) this year. As at the year end, the Group had cash and bank deposits totalling HK\$208,188,000 (31 March 2012: HK\$170,094,000). All deposits were placed with banks or financial institutions with strong credit ratings.

The Group does not have any borrowings. The current ratio maintained at a high level of 11.08 times (31 March 2012: 11.34 times), while the total long term liabilities amounted to only HK\$66,211,000 (31 March 2012: HK\$59,743,000).

The shareholders' funds as at 31 March 2013 amounted to HK\$2,881,061,000 (31 March 2012: HK\$2,093,859,000), up 37.60%, with the net asset value per share rose significantly to HK\$21.34 (31 March 2012: HK\$15.51).

DIVIDEND POLICY

It is the Group's intention to provide shareholders with relatively consistent dividend income over the long term. In the past 10 years, the Group had 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 2012, the Group had pledged a leasehold property with a carrying value of HK\$102,386,000 to a bank to secure a general banking facility to the extent of HK\$69,000,000 granted to the Group. At 31 March 2012, this facility was not utilised by the Group.

The pledge was released upon the cancellation of the banking facility during the year ended 31 March 2013.

EMPLOYEE

As at 31 March 2013, the Group employed 61 (31 March 2012: 64) 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 on staff performance and results of the Group. The Group does not have any share option scheme for employees.

CONTINGENT LIABILITIES

As at 31 March 2013, 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 2013.

CORPORATE GOVERNANCE

The Company has complied with all the Code Provisions in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year ended 31 March 2013 except for the following deviations from Code Provisions A.2.1, A.4.1 and D.1.4.

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 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. However, all Non-executive Directors are appointed with no specific term. Code Provision D.1.4 stipulates that issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. However the Company did not have formal letters of appointment for directors. In fact, 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 provisions.

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 2013.

OTHER INFORMATION

The annual report of the Company for the year ended 31 March 2013 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, 27 June 2013

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

Lu Sin	<i>Chairman and Managing Director</i>
Lu Wing Yee, Wayne	<i>Executive Director</i>
Oen Min Tjin	<i>Executive Director</i>
Lee Ka Sze, Carmelo	<i>Non-executive Director</i>
Gan Khai Choon	<i>Independent Non-executive Director</i>
Lam Ming Leung	<i>Independent Non-executive Director</i>
Leung Man Chiu, Lawrence	<i>Independent Non-executive Director</i>