

  
**SAFETY GODOWN CO LTD**  
*(Incorporated in Hong Kong with limited liability)*  
(Stock code: 237)

**INTERIM REPORT 2012/2013**

**GROUP RESULTS**

The profit attributable to owners of the Company for the first half of 2012 was HK\$301,834,000 compared with the profit of HK\$107,511,000, in the same period in 2011. Earnings per share were HK\$2.24 (2011: HK\$0.80). The underlying profit attributable to owners of the Company excluding the changes in fair value of investment properties increased by 175.30% from HK\$11,931,000 in the first half of 2011 to HK\$32,846,000 for the period under review.

**DIVIDENDS**

The Directors have declared an interim dividend of HK7 cents per share (six months ended 30.9.2011: HK7 cents) and a special dividend of HK8 cents per share (six months ended 30.9.2011: HK93 cents) be paid to the shareholders of the Company, whose names appear in the register of members on 24 December 2012. The interim dividend and special dividend will be paid on or around 7 January 2013.

**BUSINESS REVIEW**

The European debt crisis has persisted during the period under review. Although the Federal Reserve introduced an operation twist by 'buying long term debt and selling short term debt', as well as the third round of the quantitative easing monetary policy to create a low interest rate environment, the US economy has not yet recovered.

Meanwhile, China has carried out micro-control policies to restrain inflation, but its export trade was heavily affected by the global economic slowdown therefore the lack of overseas demand. Pressure on the gloomy economy has been ongoing. Hong Kong's imports and exports were also strongly affected by weak European and American market demand, and both warehousing and logistics businesses were showing signs of slowdown. However, benefiting from the demand for storage of certain unique products, including paper materials, the Group witnessed a rise in godown rental income when compared to that of the same period last year. The occupancy rate of our investment properties was kept at 90%, rental income continues to increase steadily. The return on treasury investment remains stable.

**OUTLOOK**

In the second half of the year, EU member countries facing financial difficulties need to work out more emergency measures as the global economic recession is projected to continue. It is estimated that after the 18th National Congress of the Communist Party of China, China will introduce measures including infrastructure investment, interest rate cuts and reserve rate reductions to stimulate the economy, thus helping recovery with the Hong Kong economy. Considering the initiation of the third round of the quantitative easing monetary policy (without time limit) and the low interest rate system has been in place for some time, hot money will flow into the property investment market, leading to rise in prices and recurrence of high inflation. This may increase the cost factor on Hong Kong's trading and logistics industries contributory to a price competition pattern due to the slow growth of the real economy. In addition, the risks from the Sino-US and Sino-Japan trade war and uncertainties in the business and operating environment will also leave the future of godown industry in Hong Kong unpredictable.

The Group plans to apply for converting Lu Plaza from an industrial and office building into commercial/office use. The Group continues to appoint a consultancy firm and an architect to carry out necessary feasibility study and planning in accordance with the requirements of revitalization of industrial buildings policy. Based on the general costs data available in the market, it is preliminarily estimated that the conversion costs will be around HK\$150 million.

As for the godown property located in Kwok Shui Road, Kwai Chung, the Group has appointed the real estate agency to dispose the property via public tender as announced on 25 September 2012. The tendering programme has ended on 8 November 2012, and the real estate agency is conducting primary negotiations with potential buyers. The Group will publish appropriate announcement if there is any further progress in the matter.

**FINANCIAL REVIEW**

The turnover of the Group for the first half of 2012 was HK\$59,749,000, being 9.67% higher than that in the same period last year. The Group continued to enjoy a good performance across the godown and property sectors. Profit for the period grew by 180.75% from HK\$107,511,000 in the last corresponding period to HK\$301,834,000. Excluding the fair value changes in investment properties, the underlying profit was HK\$32,846,000, an increase of 175.30% against last period.

**Godown operations**

Turnover in godown operations grew by 10.59% to HK\$16,990,000, while profit from this sector reported an increase of 69.85% from HK\$3,841,000 to HK\$6,524,000. This is attributable to increased godown rentals and improved storage occupancy and reduction in cost in the sector.

**Property investment**

Turnover of the Group's property rental for the first half year was HK\$40,992,000, an increase of HK\$4,722,000 or 13.02% when compared with the same period last year. Property occupancy maintained at around 90% throughout the period. However, positive rental reversion on renewals and cost saving boosted the profit contributed from property sector up by 21.62% to HK\$35,762,000.

As at 30 September 2012, the investment properties of the Group were revalued at HK\$2,048,400,000, giving rise to a fair value gain of HK\$268,988,000 in this period.

**Treasury investment**

For the interim period under review, the sentiment in the Hong Kong stock market remained weak and trade volume shrank. Hang Seng Index only achieved a minor gain of 1.38% during the period. The Group continue to adopt a policy of prudence in managing treasury investments, and had reduced its holdings in securities investment. As at 30 September 2012, the total value of investment portfolio held for trading amounted to HK\$52,006,000 (31 March 2012: HK\$74,484,000), representing only 2.18% (31 March 2012: 3.56%) of the net asset value of the Group. Profits generated from the treasury investment segment amounted to HK\$968,000 (2011: loss of HK\$13,203,000).

As at 30 September 2012, available-for-sale investment which are securities held for long term investment purpose valued at HK\$34,780,000, representing a fair value gain of HK\$11,848,000 or an increase of 51.67% during the period. The gain was recorded in the investment revaluation reserve.

## LIQUIDITY AND FINANCIAL RESOURCES

Despite payments of generous dividends in recent years, the cash balance held by the Group as at 30 September 2012 remained at a high level of HK\$210,042,000 (31 March 2012: HK\$170,094,000), which showed an increase of 23.49%. As at 30 September 2012, the Group's current assets and current liabilities were HK\$271,711,000 (31 March 2012: HK\$254,765,000) and HK\$29,243,000 (31 March 2012: HK\$22,465,000) respectively. The Group had no bank borrowings and zero gearing ratio was recorded (calculated based on total bank and other borrowings over equity). The Group demonstrated a strong financial position with healthy cash flow.

## EMPLOYEES

As at 30 September 2012, the total number of employees of the Group was 63 (31 March 2012: 64 employees), compared with 65 as at 30 September 2011. Staff cost (including directors' emoluments) decreased by 7.63% to HK\$8,962,000 (2011: HK\$9,702,000).

The remuneration policies are reviewed periodically on the basis of the nature of job, market trend, company performance and individual performance. The Group also provides internal training to staff and provides bonuses based on staff performance and results of the Group. The Group does not have any share option scheme for employees.

## EXPOSURE OF FOREIGN EXCHANGE

Certain bank balances of the Group are denominated in foreign currencies which are different from the functional currency of the entity to which they relate, and therefore the Group is exposed to foreign currency risk. At 30 September 2012, the Group's foreign currency bank deposits amounted to HK\$1,419,000 (31 March 2012: HK\$24,339,000). The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

## CONTINGENT LIABILITIES

As at 30 September 2012, the Group did not have any significant contingent liabilities.

## PLEDGE OF ASSETS

At 30 September 2012, the Group has pledged a leasehold property with an carrying value of HK\$99,348,000 (31 March 2012: HK\$102,386,000) to a bank to secure a general banking facility to the extent of HK\$69,000,000 (31 March 2012: HK\$69,000,000) granted to the Group. At 30 September 2012, the facility was not utilised by the Group.

## DIRECTORS' INTERESTS IN SECURITIES

At 30 September 2012, the interests of the directors and their associates in the shares of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Name of director	Number of issued ordinary shares of the Company held (long position)				Total	Percentage of issued share capital of the Company
	Personal interests	Family interests	Corporate interests			
Mr. Lu Sin	4,400,000	2,589,500 <sup>1</sup>	59,553,445 <sup>2</sup>	66,542,945	49.29%	
Mr. Lu Wing Yee, Wayne	7,910,420	–	23,440 <sup>3</sup>	7,933,860	5.88%	
Mr. Lam Ming Leung	10,000	–	–	10,000	0.0074%	

Notes:

- Mr. Lu Sin was deemed to be interested in these 2,589,500 shares which were held by his spouse, Ms. Chan Koon Fung, personally.
- Mr. Lu Sin was deemed to be interested in these 59,553,445 shares which comprise:
  - 47,203,445 shares held through Kian Nan Financial Limited. Kian Nan Financial Limited was 47.57% held by Mr. Lu Sin and 15.19% held by his spouse, Ms. Chan Koon Fung;
  - 10,350,000 shares held through Earngold Limited of which Mr. Lu Sin and his spouse, Ms. Chan Koon Fung, indirectly owned in aggregate 50% of the issued share capital;
  - 2,000,000 shares held through Lusin and Company Limited, the issued share capital in which was 46.50% held by Mr. Lu Sin and 15.50% held by his spouse, Ms. Chan Koon Fung.
- Mr. Lu Wing Yee, Wayne was deemed to be interested in these 23,440 shares through a company, which was 100% controlled by himself.

Other than as disclosed above, none of the directors, chief executives nor their associates had any interests or short positions in any shares or underlying shares of the Company or its associated corporations as defined in Part XV of the SFO at 30 September 2012.

## SUBSTANTIAL SHAREHOLDERS

At 30 September 2012, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that, other than the interests of certain directors disclosed under the section headed "Directors' Interests in Securities" above, the following shareholders had notified the Company of their relevant interests in the issued share capital of the Company:

Name of substantial shareholder	Number of issued ordinary shares held		Percentage of issued share capital of the Company
	Direct interest	Indirect interest	
Kian Nan Financial Limited	47,203,445	–	34.97%
Fu Nan Enterprises Company Limited	11,999,661	–	8.89%
Earngold Limited	10,350,000	–	7.67%

*Note:* Ms. Chan Koon Fung, the spouse of Mr. Lu Sin, was taken to be interested in a total of 66,542,945 shares of the Company, representing approximately 49.29% of the issued shares of the Company, which comprise her personal interests and Mr. Lu Sin's interests in the shares of the Company as disclosed in the section headed "Directors' Interests in Securities" above.

Other than as disclosed above, at 30 September 2012, no other person was recorded in the register of substantial shareholders required to be kept by the Company under Section 336 of the SFO as having any interests or short positions in the issued share capital of the Company.

## CLOSURE OF MEMBERS REGISTER

The Register of Members of the Company will be closed from Thursday, 20 December 2012 to Monday, 24 December 2012, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the proposed interim dividend and special dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Tricor Standard Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on Wednesday, 19 December 2012.

## 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 period under review.

## REVIEW OF RESULTS

The Group's condensed consolidated financial statements for the six months ended 30 September 2012 (the "Financial Statements") have not been audited but have been reviewed by Deloitte Touche Tohmatsu ("DTT"), Certified Public Accountants, the external independent auditor of the Company, whose review report is contained on page 4 of this Interim Report.

In the presence of the representatives of DTT, the Audit Committee met on 19 November 2012 and reviewed with the management the unaudited Financial Statements and expressed no disagreement with the accounting policies and standards adopted by the Group.

## CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in Appendix 14 of the Code on Corporate Governance Practices (the "CG Code") under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 September 2012 except for the deviations from the following code provisions:

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 more than one-third of the Board members are represented by Independent Non-executive Directors throughout the period. The Board believes that this structure enables the Group to make and implement decisions promptly and efficiently.

Code provision A.4.1 stipulates that Non-executive Directors should be appointed for a specific term.

All the Directors (including Non-executive Directors) are subject to retirement by rotation once every three years in accordance with the Company's Articles of Association. In view of the requirement on Director's retirement by rotation under the Articles of Association of the Company, the Directors do not consider appointment of Non-executive Directors for specific terms necessary.

## 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 its code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors of the Company, the Directors have confirmed in writing that they had complied with the required standard as set out in the Model Code throughout the six months ended 30 September 2012.

By Order of the Board  
**Lu Sin**  
Chairman

Hong Kong, 26 November 2012

**REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
TO THE BOARD OF DIRECTORS OF SAFETY GODOWN COMPANY, LIMITED**

*(incorporated in Hong Kong with limited liability)*

**INTRODUCTION**

We have reviewed the condensed consolidated financial statements of Safety Godown Company, Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 5 to 9, which comprise the condensed consolidated statement of financial position as of 30 September 2012 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

**SCOPE OF REVIEW**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

**CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

26 November 2012

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2012

	Notes	Six months ended	
		30.9.2012 (unaudited) HK\$'000	30.9.2011 (unaudited) HK\$'000 (restated)
Turnover	3	59,749	54,482
Income from godown operations		16,990	15,363
Income from property investment		40,992	36,270
Interest income		637	1,049
Dividend income		1,130	1,800
Fair value gain (loss) on investments held for trading		591	(14,917)
Other income and gains		52	36
Increase in fair value of investment properties		268,988	95,580
Staff costs		(8,962)	(9,702)
Depreciation of property, plant and equipment		(3,493)	(4,502)
Other expenses		(7,717)	(7,942)
Profit before taxation	4	309,208	113,035
Taxation	5	(7,374)	(5,524)
Profit for the period attributable to owners of the Company		301,834	107,511
Other comprehensive income (expense)			
Fair value gain (loss) on available-for-sale investments		11,848	(10,128)
Total comprehensive income for the period attributable to owners of the Company		313,682	97,383
Earnings per share – Basic	7	HK\$2.24	HK\$0.80

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2012

	Notes	30.9.2012 (unaudited) HK\$'000	31.3.2012 (audited) HK\$'000
<b>Non-current assets</b>			
Investment properties	8	2,048,400	1,775,820
Property, plant and equipment	9	111,146	114,394
Available-for-sale investments		34,780	22,932
Held-to-maturity investment		8,163	8,156
		2,202,489	1,921,302
<b>Current assets</b>			
Investments held for trading		52,006	74,484
Trade and other receivables	10	9,616	9,695
Tax recoverable		47	492
Bank and other deposits		139,304	88,474
Bank balances and cash		70,738	81,620
		271,711	254,765
<b>Current liabilities</b>			
Other payables		22,306	20,806
Tax payable		6,937	1,659
		29,243	22,465
<b>Net current assets</b>		242,468	232,300
		2,444,957	2,153,602
<b>Capital and reserves</b>			
Share capital	11	135,000	135,000
Reserves		2,246,891	1,958,859
Equity attributable to owners of the Company		2,381,891	2,093,859
<b>Non-current liabilities</b>			
Long-term deposits received		12,914	11,567
Deferred tax liabilities		47,586	45,935
Provision for long service payments		2,566	2,241
		63,066	59,743
		2,444,957	2,153,602

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2012

	Share capital HK\$'000	Share premium HK\$'000	Investment revaluation reserve HK\$'000	Property revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2011 (audited) (as restated)	135,000	43,216	17,071	63,618	1,695,595	1,954,500
Profit for the period (as restated)	–	–	–	–	107,511	107,511
Fair value loss on available-for-sale investments	–	–	(10,128)	–	–	(10,128)
Total comprehensive (expense) income for the period	–	–	(10,128)	–	107,511	97,383
Dividends paid (Note 6)	–	–	–	–	(25,650)	(25,650)
At 30 September 2011 (unaudited)	135,000	43,216	6,943	63,618	1,777,456	2,026,233
At 1 April 2012 (audited)	135,000	43,216	8,153	63,618	1,843,872	2,093,859
Profit for the period	–	–	–	–	301,834	301,834
Fair value gain on available-for-sale investments	–	–	11,848	–	–	11,848
Total comprehensive income for the period	–	–	11,848	–	301,834	313,682
Dividends paid (Note 6)	–	–	–	–	(25,650)	(25,650)
At 30 September 2012 (unaudited)	135,000	43,216	20,001	63,618	2,120,056	2,381,891

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2012

	Six months ended	
	30.9.2012 (unaudited) HK\$'000	30.9.2011 (unaudited) HK\$'000
<b>Operating activities</b>		
Profit before taxation	309,208	113,035
Adjustments for:		
Unrealised (gain) loss on investments held for trading	(1,973)	11,734
Increase in fair value of investment properties	(268,988)	(95,580)
Exchange (gain) loss on held-to-maturity investment	(7)	597
Depreciation	3,493	4,502
Operating cash flows before movements in working capital	41,733	34,288
Decrease in investments held for trading	24,451	32,528
Other movements in working capital	3,251	(7,563)
<b>Net cash from operating activities</b>	<b>69,435</b>	<b>59,253</b>
<b>Investing activities</b>		
Addition of bank deposits	(100,002)	(1,101)
Additions of investment properties	(3,592)	–
Purchase of property, plant and equipment	(245)	(397)
Withdrawal of deposits with security brokers	26,565	–
Withdrawal of bank deposits	22,607	51,075
Placement of deposits with security brokers	–	(30,373)
Purchase of held-to-maturity investment	–	(8,314)
<b>Net cash (used in) from investing activities</b>	<b>(54,667)</b>	<b>10,890</b>
<b>Cash used in financing activity</b>		
Dividends paid	(25,650)	(25,650)
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(10,882)</b>	<b>44,493</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>81,620</b>	<b>20,678</b>
<b>Cash and cash equivalents at end of the period,</b> represented by bank balances and cash	<b>70,738</b>	<b>65,171</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2012

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed 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 accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2012.

In addition, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current interim period except for amendments to HKAS 12 "Deferred Tax – Recovery of Underlying Assets" as the Group has early adopted the amendments to HKAS 12 in advance of their effective date (annual periods beginning on or after 1 April 2012) during the year ended 31 March 2012.

The application of the amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

As a result of the early application of the amendments to HKAS 12 during the year ended 31 March 2012, 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 comparative figures of condensed consolidated statement of comprehensive income for the six months ended 30 September 2011 have been restated to reflect the change in accounting policy, with effect summarised as below:

	<i>HK\$ '000</i>
Decrease in taxation of the Group and increase in profit for the six months ended 30 September 2011	<u>14,746</u>
	<b>Six months ended 30.9.2011</b>
	<i>HK\$</i>
Impact on basic earnings per share:	
Basic earnings per share before adjustment	0.69
Adjustment in relation to application of amendments to HKAS 12 in respect of deferred tax on investment properties	<u>0.11</u>
Reported basic earnings per share	<u>0.80</u>

### 3. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision maker, Chairman of the Company, for the purposes of resource allocation and performance assessment are as follows:

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

The following is an analysis of the Group's revenue and results by reportable and operating segments:

#### For the six months ended 30 September 2012

	<b>Godown operations</b>	<b>Property investment</b>	<b>Treasury investment</b>	<b>Segment total</b>	<b>Eliminations</b>	<b>Consolidated</b>
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
<b>Turnover</b>						
External revenue	16,990	40,992	1,767	59,749	–	59,749
Inter-segment revenue	–	2,999	–	2,999	(2,999)	–
Total	<u>16,990</u>	<u>43,991</u>	<u>1,767</u>	<u>62,748</u>	<u>(2,999)</u>	<u>59,749</u>
<b>Segment profit</b>	<u>6,524</u>	<u>35,762</u>	<u>968</u>	<u>43,254</u>	<u>–</u>	<u>43,254</u>
Increase in fair value of investment properties						268,988
Central administrative costs						<u>(3,034)</u>
Profit before taxation						<u>309,208</u>

### 3. SEGMENT INFORMATION – CONTINUED

For the six months ended 30 September 2011

	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>
<b>Turnover</b>						
External revenue	15,363	36,270	2,849	54,482	–	54,482
Inter-segment revenue	–	2,119	–	2,119	(2,119)	–
Total	<u>15,363</u>	<u>38,389</u>	<u>2,849</u>	<u>56,601</u>	<u>(2,119)</u>	<u>54,482</u>
<b>Segment profit (loss)</b>	<u>3,841</u>	<u>29,404</u>	<u>(13,203)</u>	<u>20,042</u>	<u>–</u>	<u>20,042</u>
Increase in fair value of investment properties						95,580
Central administrative costs						(2,587)
Profit before taxation						<u>113,035</u>

Segment profit/loss represents the profit earned/loss incurred by each segment without allocation of central administrative costs, directors' fees, change in fair value of investment properties, other expenses that are not directly related to the core business and income tax expenses. This is the measure reported to the chief operating decision maker, Chairman of the Company, for the purposes of resources allocation and performance assessment.

The following is an analysis of the Group's assets by reportable and operating segment:

	30.9.2012 <i>HK\$'000</i>	31.3.2012 <i>HK\$'000</i>
Godown operations	117,702	119,659
Property investment	2,050,963	1,779,867
Treasury investment	234,750	194,429
Total segment assets	<u>2,403,415</u>	<u>2,093,955</u>

### 4. PROFIT BEFORE TAXATION

	Six months ended	
	30.9.2012 <i>HK\$'000</i>	30.9.2011 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Exchange loss, net	<u>1,308</u>	<u>751</u>

### 5. TAXATION

	Six months ended	
	30.9.2012 <i>HK\$'000</i>	30.9.2011 <i>HK\$'000</i>
The charge comprises:		
Hong Kong Profits Tax	5,723	3,992
Deferred taxation	<u>1,651</u>	<u>1,532</u>
	<u>7,374</u>	<u>5,524</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the current and prior periods.

### 6. DIVIDENDS

	Six months ended	
	30.9.2012 <i>HK\$'000</i>	30.9.2011 <i>HK\$'000</i>
Dividends paid:		
Final dividend paid in respect of the year ended 31 March 2012 of HK7 cents (2011: HK7 cents) per ordinary share	9,450	9,450
Special dividend paid in respect of the year ended 31 March 2012 of HK12 cents (2011: HK12 cents) per ordinary share	<u>16,200</u>	<u>16,200</u>
	<u>25,650</u>	<u>25,650</u>
Dividends proposed:		
Interim dividend – HK7 cents (six months ended 30.9.2011: HK7 cents) per ordinary share	9,450	9,450
Special dividend – HK8 cents (six months ended 30.9.2011: HK93 cents) per ordinary share	<u>10,800</u>	<u>125,550</u>
	<u>20,250</u>	<u>135,000</u>

Subsequent to the end of the reporting period, the directors of the Company have proposed that an interim dividend of HK7 cents per share (six months ended 30.9.2011: HK7 cents) and a special dividend of HK8 cents per share (six months ended 30.9.2011: HK93 cents) be paid to the shareholders of the Company, whose names appear in the register of members on 24 December 2012. The interim dividend and special dividend will be paid on or around 7 January 2013.



## 7. EARNINGS PER SHARE – BASIC

The calculation of basic earnings per share is based on the profit for the period attributable to owners of the Company of HK\$301,834,000 (six months ended 30.9.2011: HK\$107,511,000) and on 135,000,000 (six months ended 30.9.2011: 135,000,000) shares in issue throughout the period.

No diluted earnings per share have been presented as there were no potential ordinary shares in issue throughout both periods.

## 8. INVESTMENT PROPERTIES

	30.9.2012 HK\$'000	31.3.2012 HK\$'000
AT FAIR VALUE		
At beginning of period/year	1,775,820	1,539,254
Additions	3,592	1,427
Disposals	–	(16,496)
Increase in fair value	268,988	251,635
At end of period/year	<u>2,048,400</u>	<u>1,775,820</u>

The fair values of the Group's major investment properties at 30 September 2012 amounting to HK\$2,036,000,000 (31.3.2012: HK\$1,766,000,000) have been arrived at on the basis of valuations carried out on that date by Messrs. Jones Lang LaSalle Limited and A A Property Services Limited, Chartered Surveyors, independent qualified professional valuers not connected with the Group. The directors of Messrs. Jones Lang LaSalle Limited and A A Property Services Limited, Chartered Surveyors, who carried out the valuation, are members of the Hong Kong Institute of Surveyors. The valuations were arrived at by reference to market evidence of recent transaction prices for similar properties and/or on the basis of discounted cash flow projections based on estimates of future rental income from properties using current market rentals and yields as inputs.

The fair values of the Group's investment properties as at 30 September 2012 amounting to HK\$12,400,000 (31.3.2012: HK\$9,820,000) have been determined by the directors of the Company. No valuation has been performed by independent qualified professional valuers. The valuation performed by the directors of the Company was arrived at by reference to market evidence of recent transaction prices for similar properties and/or on the basis of discounted cash flow projections based on estimates of future rental income from properties using current market rentals and yields as inputs.

The revaluation gave rise to a gain arising from changes in fair value of HK\$268,988,000 (six months ended 30.9.2011: HK\$95,580,000) which has been included in the condensed consolidated statement of comprehensive income.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired additional property, plant and equipment for HK\$245,000 (six months ended 30.9.2011: HK\$397,000).

## 10. TRADE AND OTHER RECEIVABLES

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

An analysis of trade receivables by age, presented based on the billing date, is as follows:

	30.9.2012 HK\$'000	31.3.2012 HK\$'000
Trade receivables		
Within 60 days	6,038	4,663
61-90 days	196	614
Over 90 days	1	4
	<u>6,235</u>	<u>5,281</u>
Other receivables	1,283	1,120
Prepayments and deposits	2,098	3,294
	<u>9,616</u>	<u>9,695</u>

## 11. SHARE CAPITAL

	30.9.2012		31.3.2012	
	Number of shares	Nominal value HK\$'000	Number of shares	Nominal value HK\$'000
Ordinary shares of HK\$1 each				
Authorised	<u>500,000,000</u>	<u>500,000</u>	<u>200,000,000</u>	<u>200,000</u>
Issued and fully paid	<u>135,000,000</u>	<u>135,000</u>	<u>135,000,000</u>	<u>135,000</u>

On 13 August 2012, the authorised share capital of the Company was increased from HK\$200,000,000 to HK\$500,000,000 by creation of 300,000,000 ordinary shares of HK\$1 each.

## 12. RELATED PARTY TRANSACTIONS

The remuneration of directors and other members of key management during the period was HK\$1,972,000 (six months ended 30.9.2011: HK\$2,777,000).

## 13. COMPARATIVE FIGURES

In current period, certain comparative figures have been reclassified so as to conform with the current period's presentation.

## CORPORATE INFORMATION AND KEY DATES

### DIRECTORS

#### Executive Directors

Mr. Lu Sin (*Chairman and Managing Director*)  
Mr. Lu Wing Yee, Wayne  
Mr. Oen Min Tjin

#### Non-executive Director

Mr. Lee Ka Sze, Carmelo

#### Independent Non-executive Directors

Mr. Gan Khai Choon  
Mr. Lam Ming Leung  
Mr. Leung Man Chiu, Lawrence

### COMPANY SECRETARY

Mr. Wong Leung Wai

### REGISTERED OFFICE

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

### WEBSITE

<http://www.safetygodown.com>

### STOCK CODE

237

### KEY DATES

Interim Results Announcement  
Closure of Register of Members  
Record Date for Interim Dividend and Special Dividend  
Payment of Interim Dividend and Special Dividend

### AUDIT COMMITTEE

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

### REMUNERATION AND NOMINATION COMMITTEE

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

### BANKERS

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

### SOLICITORS

Woo, Kwan, Lee & Lo

### AUDITORS

Deloitte Touche Tohmatsu

### REGISTRARS AND TRANSFER OFFICE

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

26 November 2012  
20-24 December 2012 (both days inclusive)  
24 December 2012  
on or around 7 January 2013