

## Group Results

The Board of Directors of Safety Godown Company, Limited announces that the Group's unaudited consolidated profit attributable to shareholders for the half-year ended 30 September 2001 was approximately HK\$20,019,000. Earnings per share for the period is 14.8 cents. In comparison with the interim results of the corresponding period in 2000, earnings per share increased by 0.8 cents.

## Business Review

Although the Hong Kong economy had seen a short-term recovery, in the wake of the economic slump in the US, the Hong Kong economy slipped back into recession. Imports, exports and entrepot businesses all registered sharp declines. Consumer demand shrank. Firms took measures to reduce operating costs and inventories. The godown business contracted in the first half of the year with an apparent slipping in the godown turnover rate. The decline in demand for warehouse space is expected to become more evident in the second half of the year. Since the middle of this year, the Group has begun to offer leasing of its warehouse premises by storeys to bring in a new source of income. A number of storeys in Kwai Chung Godown No. 4 have been leased out in this way. Meanwhile, the Group made every endeavour to pare down costs and spendings. With the high level of tenancy rate in the Group's investment properties, the Group's profits during the period increased slightly over the same period last year.

## Prospects

Since the September 11 events, the US economy has formally entered into a recession. The impact of the political turmoil in the Middle East and Middle Asia further slowed the already fragile global economy. As the general public's spending habit altered, coupling with the sluggish tourism industry, the retail business has been hard hit. The Hong Kong economy is facing difficult times ahead.

China's entry to the World Trade Organisation will have a positive effect on Hong Kong's development as a logistics hub for the flow of goods and for warehouse storage in the Pearl River Delta. However as the development of logistic warehouse facilities and software involves tremendous investments, the Group will embark on the logistic industry with cautious optimism.

In the second half of the year, it will be difficult to maintain a stable level of income from the godown business. However, the Group believes that the high tenancy rate in the Group's investment properties and the potential benefits presented by the mainland's entry to the World Trade Organisation will help reducing the negative impact in the godown business.

## Closure of Members Register

The Register of Members of the Company will be closed from 14 January 2002 to 18 January 2002, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the proposed interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Standard Registrars Limited, 5/F., Wing On Centre, 111 Connaught Road Central, Hong Kong, for registration not later than 4:00 p.m. on 11 January 2002.

## Directors' Interest in Shares

As at 30 September 2001, the interests of the directors and their associates in the share capital of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

Name of director	Number of ordinary shares held		
	Personal interests	Family interests	Corporate interests
Mr. Lu Sin	4,400,000	2,589,500	57,553,445 ( <i>Note</i> )
Mr. Lui Chi Lung	947,884	—	—
Mr. Wong Ker Lee	1,812,000	—	—
Mr. Gan Khai Choon	—	—	—
Mr. Lu Yong Lee	—	—	—
Mr. Lee Ka Sze, Carmelo	—	—	—

*Note:* Including 47,203,445 shares held by Kian Nan Financial Limited as mentioned in substantial shareholders' interests below and 10,350,000 shares held by Earngold Limited in which Mr. Lu Sin has a controlling interest.

Other than as disclosed above, none of the directors or chief executives of the Company, nor their associates, had any interest in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance, and none of the directors or chief executives of the Company, nor their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the half year.

## Directors' Rights to Acquire Shares or Debentures

At no time during the half year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.