



SAFETY GODOWN COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)

INTERIM RESULTS ANNOUNCEMENT - 2001/2002

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.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2001

		Six months ended	
		30.9.2001	30.9.2000
		(unaudited)	(unaudited)
	Notes	HK\$'000	HK\$'000
Turnover	2	45,254	49,735
Other revenue		3,127	4,484
Staff costs		(11,571)	(12,379)
Depreciation		(2,728)	(3,337)
Net unrealised loss on trading securities		(115)	(735)
Loss on disposal of trading securities		(16)	-
Other operating expenses		(8,142)	(9,494)
Profit from operations		25,809	28,274
Finance costs		(3,130)	(5,457)
Profit before taxation		22,679	22,817
Taxation	3	(2,660)	(3,923)
Profit for the period		20,019	18,894
Dividend		9,450	18,900

Earnings per share 4 **14.8 cents** 14.0 cents

NOTES:

1 Basis of Preparation and Accounting Policies

The condensed financial statements have been prepared in accordance with Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants and with applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The interim financial report has been prepared in accordance with the accounting policies consistent with those adopted by the Group in its financial statements for the year ended 31 March 2001 except as described below.

Segment reporting

SSAP 26 "Segment reporting", which has been adopted for the first time in this interim reporting period, has established principles for reporting the segmental analysis of financial information. The Group has changed the basis of identification of reporting segments to that required by SSAP 26 and segment disclosures for the six months ended 30 September 2000 have been amended so that they are presented on a consistent basis. The details are set out in Note 2.

Dividends proposed or declared after the balance sheet date

In accordance with SSAP 9 (Revised) "Events after the balance sheet date" dividends proposed or declared after the balance sheet date should not be recognized as a liability at the balance sheet date. In previous years, dividends proposed or declared after the balance sheet date were an adjusting post balance sheet event and were recognized as a liability at the balance sheet date. The effect of this change has been to increase shareholders' funds at 1 April 2000 and 31 March 2001 by HK\$18,900,000 and HK\$9,450,000 respectively. Comparative information has been restated to reflect this change in accounting policy.

Goodwill

In accordance with SSAP 30 "Business combinations", goodwill arising from acquisition of subsidiaries should be recognized as an asset and amortised on a straight-line basis over its

estimated useful life. In previous years, goodwill on the acquisition of subsidiary was written off to reserves immediately upon acquisition. The Group has elected not to restate the goodwill previously written off to reserves upon adoption of this SSAP.

2 Segment Information

By Business Segments:

For the six months ended 30 September 2001

	Godown operation	Rental income	Elimination	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE				
External income	21,700	23,554	-	45,254
Inter-segment income	-	3,558	(3,558)	-
Total revenue	21,700	27,112	(3,558)	45,254
SEGMENT RESULT	1,810	21,663	-	23,473
Bank interest income				879
Dividend income from investment in securities				1,588
Net unrealised loss on trading securities				(115)
Loss on disposal of trading securities				(16)
Profit from operations				25,809

For the six months ended 30 September 2000

	Godown operation	Rental income	Elimination	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE				
External income	29,223	20,512	-	49,735
Inter-segment income	-	6,138	(6,138)	-
Total revenue	29,223	26,650	(6,138)	49,735
SEGMENT RESULT	6,650	19,383	-	26,033
Bank interest income				1,270

Dividend income from investment in securities	1,706
Net unrealised loss on trading securities	(735)
Profit from operations	28,274

More than 90% of the Group's turnover and profit from operations were derived from Hong Kong, and no geographical segments are presented.

3 Taxation

	Six months ended	
	30.9.2001	30.9.2000
	HK\$'000	HK\$'000
Hong Kong Profits Tax	2,660	4,046
Deferred taxation	-	(123)
	2,660	3,923

Hong Kong Profits Tax is calculated at the rate of 16% (six months ended 30.9.2000: 16%) on the estimated assessable profits for the period.

4 Earnings per share

The calculation of earnings per share is based on the profit for the period of HK\$20,019,000 (six months ended 30.9.2000: HK\$18,894,000) and on 135,000,000 shares (six months ended 30.9.2000: 135,000,000 shares) in issue during the period.

DIVIDEND

	Six months ended	
	30.9.2001	30.9.2000
	HK\$'000	HK\$'000
Final dividend for the year ended		
31 March 2001 at 7 cents (year ended		
31 March 2000: 14 cents) per ordinary	9,450	18,900
share		

The directors have determined that an interim dividend of 5 cents per share (six months ended 30.9.2000: 5 cents) should be paid to the shareholders of the Company.

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.

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.

RETIREMENT OF DIRECTOR

Mr. Chow Ming Shan retired as a Non-executive director of the Company on 30 August 2001 for personal reasons. The Board would like to thank Mr. Chow for his valuable contribution to the Company in the past.

LIQUIDITY AND FINANCIAL RESOURCES

The financial position of the Group remains healthy. For the period under review, the net cash generated from the Group's operating activities amounted to HK\$30.2 million. Total bank borrowings as at 30 September 2001 had reduced by HK\$33.7 million to HK\$119.1 million since 31 March 2001 and the finance cost for the period decreased by HK\$2.3 million compared to last corresponding period. The interest cover continued to improve from 5.85 times for last financial year to 8.25 times for this period.

As at 30 September 2001, the Group's liquidity ratio was 0.48 times (31.3.2001:0.40 times) while the Group's gearing ratio calculated on the basis of the Group's net borrowings over shareholders' funds continued to improve from 12.5% at 31 March 2001 to 9.8% at 30 September 2001.

EMPLOYEES

The Group employs approximately 97 employees. Employees' cost (excluding directors' emoluments) reduced by 6.5% to HK\$11,571,000 (six months ended 30.9. 2000:HK\$12,379,000) for the period. The Group ensures that the pay levels of employees are competitive and salaries of employees are adjusted each year. The Group does not have any employees share option scheme.

INDEPENDENT FINANCIAL REVIEW

The interim financial report has been reviewed by the Group's external auditors in accordance with the Statement of Auditing Standards 700 issued by the Hong Kong Society of Accountants. The Audit Committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a general review of the unaudited interim financial report.

OTHER INFORMATION

Full announcement of the interim results of the Group, containing the information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules of The Stock Exchange of Hong Kong Limited, will be published on the Exchange's Website.

By Order of the Board

Lam Yeung Tak

Secretary

Hong Kong, 21 December 2001