

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

**INTERIM REPORT 2013/2014**

**GROUP RESULTS**

The profit attributable to shareholders for the first half of 2013 was HK\$102,507,000, while the profit for the last corresponding period was HK\$301,834,000. The earnings per share for the period was HK\$0.76 (six months ended 30 September 2012: HK\$2.24). Our recurring underlying profit excluding increase in fair value of investment properties amounted to HK\$25,013,000 (six months ended 30 September 2012: HK\$32,846,000), a decrease of 23.85% against the last corresponding period. Earnings per share based on recurring underlying profit was HK18.53 cents (six months ended 30 September 2012: HK24.33 cents).

**DIVIDENDS**

The Directors have declared an interim dividend of HK7 cents per share (six months ended 30 September 2012: HK7 cents) and a special dividend of HK4 cents per share (six months ended 30 September 2012: HK8 cents) be paid to the shareholders of the Company, whose names appear in the register of members on 24 December 2013. The interim dividend and special dividend will be paid on or around 8 January 2014.

**BUSINESS REVIEW**

After experiencing the European debt crisis and the risk of the 'US fiscal cliff', thanks to the low interest environment created by the continuous quantitative easing policy of the US, the world's economy has witnessed a slow recovery in the first half of 2013.

China's GDP growth in the first quarter was slightly lower than expectations, reflecting a slowdown in the expansion of the manufacturing industry. The Hong Kong government's Special Stamp Duty (SSD) for the purpose of reining in the housing market has indirectly affected other economic fields, and both trade and import/export businesses were affected by a number of unfavourable factors.

However, the demand for newsprint storage has helped to maintain the Group's godown business at a comparably stable level, and rental income increased by nearly 10% over the same period last year.

As the Group's investment properties are, as always, run at a professional management and maintenance level, and the new and renewal rental is on a par with the market rates, the occupancy rate of Lu Plaza has been over 90%, with the total property rental income rising by 15% over the same period last year.

As for financial investment, losses were recorded due to the less satisfactory performance of some individual listed shares/securities and the Australian Dollars. Yet the Group's cash flow is sufficient, and the overall financial status is still sound.

**OUTLOOK**

With the European debt crisis mitigated, agreement reached for the US debt ceilings, delayed deleveraging and debt reduction plan by the Fed and the promised low interest rate over an extended period of time, it is estimated that the economy will see a steady recovery in the second half of the year.

Mainland China is showing momentum in terms of steady and sound economic growth in the second half of the year. The growth may exceed expectations. The all-round economic reform to be carried out next year will stimulate the economic market and boost the recovery. Hong Kong's trade and export, logistics and godown industries are expected to perform better in a generally favourable economic environment in surrounding areas.

In order to further promote the Group's financial benefits, a previous attempt was made to dispose the godown property located at 132-140 Kwok Shui Road, Kwai Chung, New Territories by public tender in 2012, which was unsuccessful. The Group has been negotiating with potential buyers afterwards, and will announce to the public accordingly when there is any progress.

The application for revitalization and conversion of Lu Plaza to non-industrial use has been submitted to the Authority for review and approval.

**FINANCIAL REVIEW**

The Group's turnover for the period under review totalled HK\$68,247,000, an increase of 14.22% as compared to HK\$59,749,000 recorded last year.

**Godown Operations**

Revenue generated from godown operations grew by 9.03% to HK\$18,525,000 (six months ended 30 September 2012: HK\$16,990,000), which was attributable to the steady demand for logistic services from existing customer base. With increase in godown revenue and stable gross profit margin, profit derived from godown operations rose by 7.69% to HK\$7,026,000 (six months ended 30 September 2012: HK\$6,524,000) compared with the last corresponding period.

**Property Investment**

Rental income generated from our leasing activities amounted to HK\$47,115,000 (six months ended 30 September 2012: HK\$40,992,000), a rise of 14.94% against the last corresponding period. Profit contribution from this segment increased by 18.33% from HK\$35,762,000 to HK\$42,318,000 mainly as a result of the rise in rental rates. The occupancy level of Lu Plaza remained over 90% throughout the period.

As at 30 September 2013, the investment properties of the Group were revalued at HK\$2,612,400,000 (31 March 2013: HK\$2,534,400,000), giving rise to a fair value gain of HK\$77,494,000 (six months ended 30 September 2012: HK\$268,988,000) for the period.

**Treasury Investment**

Investment income from treasury investment, principally being dividend income and interest income, rose by 47.54% to HK\$2,607,000 (six months ended 30 September 2012: HK\$1,767,000). The treasury investment segment recorded a deficit of HK\$13,380,000 (six months ended 30 September 2012: profit of HK\$968,000) during the period. This was mainly contributed by the unrealised loss of HK\$9,698,000 (six months ended 30 September 2012: unrealised gain of HK\$1,973,000) on the listed securities investment.

As at 30 September 2013, the investment portfolio held for trading maintained at HK\$73,261,000 (31 March 2013: HK\$73,769,000).

## LIQUIDITY AND FINANCIAL RESOURCES

The group continued to maintain a strong cash position. As at 30 September 2013, the total cash and bank balances maintained by the Group were HK\$218,127,000 (31 March 2013: HK\$208,188,000), with net cash generated from operating activities amounted to HK\$37,726,000 (six months ended 30 September 2012: HK\$69,435,000).

The Group does not have any borrowings. The current ratio maintained at a high level of 8.26 times (31 March 2013: 11.08 times), while total non-current liabilities amounted to only HK\$64,959,000 (31 March 2013: HK\$66,211,000).

## EMPLOYEES

As at 30 September 2013, the total number of employees of the Group was 63 (31 March 2013: 61) employees, compared with 63 as at 30 September 2012. Staff cost (including directors' emoluments) increased by 4.13% to HK\$9,332,000 (six months ended 30 September 2012: HK\$8,962,000).

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

The Group had engaged in foreign currency investments. The foreign exchange exposure principally related to Australian dollar deposits and bonds. During the period the Group realised most of its Australian dollar bank deposits and recorded an exchange loss of about HK\$3,843,000 thereon. As at 30 September 2013, no significant foreign currency bank deposit was held by the Group (31 March 2013: Australian dollar bank deposits of HK\$41,871,000). The Group still maintained the Australian dollar bonds as at 30 September 2013.

## CONTINGENT LIABILITIES

As at 30 September 2013, the Group did not have any significant contingent liabilities.

## PLEDGE OF ASSETS

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

## DIRECTORS' INTERESTS IN SECURITIES

At 30 September 2013, 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 Issuers, were as follows:

Name of director	Number of issued ordinary shares of the Company held (long position)				Percentage of issued share capital of the Company
	Personal interests	Family interests	Corporate interests	Total	
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 2013.

## SUBSTANTIAL SHAREHOLDERS

At 30 September 2013, 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 2013, 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 Friday, 20 December 2013 to Tuesday, 24 December 2013, 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 Thursday, 19 December 2013.

## 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 2013 (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 21 November 2013 and reviewed with the management the unaudited Financial Statements and expressed no disagreement with the accounting policies and standards adopted by the Group.

## CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in Appendix 14 of the Corporate Governance Code (the “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 2013 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 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.

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.

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.

## 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 six months ended 30 September 2013.

**Lu Wing Yee, Wayne**  
*Director*

**Oen Min Tjin**  
*Director*

Hong Kong, 28 November 2013

**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 2013 and the related condensed consolidated statement of profit or loss and other 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

28 November 2013

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
For the six months ended 30 September 2013

	Notes	Six months ended	
		30.9.2013 (unaudited) HK\$ '000	30.9.2012 (unaudited) HK\$ '000
Turnover	3	68,247	59,749
Income from godown operations		18,525	16,990
Income from property investment		47,115	40,992
Interest income		424	637
Dividend income		2,183	1,130
Fair value (loss) gain on investments held for trading		(10,911)	591
Other income and gains		62	52
Increase in fair value of investment properties		77,494	268,988
Staff costs		(9,332)	(8,962)
Depreciation of property, plant and equipment		(3,526)	(3,493)
Other expenses		(11,096)	(7,717)
Profit before taxation	4	110,938	309,208
Taxation	5	(8,431)	(7,374)
Profit for the period attributable to owners of the Company		102,507	301,834
Other comprehensive (expense) income for the period			
Item that may be subsequently reclassified to profit or loss:			
Fair value (loss) gain on available-for-sale investments		(3,886)	11,848
Total comprehensive income for the period attributable to owners of the Company		98,621	313,682
Earnings per share – Basic	7	HK\$0.76	HK\$2.24

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 30 September 2013

	Notes	30.9.2013 (unaudited) HK\$ '000	31.3.2013 (audited) HK\$ '000
<b>Non-current assets</b>			
Investment properties	8	2,612,400	2,534,400
Property, plant and equipment	9	104,951	108,196
Available-for-sale investments		28,028	31,914
Held-to-maturity investment		7,267	8,164
		2,752,646	2,682,674
<b>Current assets</b>			
Investments held for trading		73,261	73,769
Trade and other receivables	10	10,113	8,871
Tax recoverable		18	21
Bank and other deposits		52,026	102,497
Bank balances and cash		166,101	105,691
		301,519	290,849
<b>Current liabilities</b>			
Other payables		27,108	23,711
Tax payable		9,416	2,540
		36,524	26,251
<b>Net current assets</b>		264,995	264,598
		3,017,641	2,947,272
<b>Capital and reserves</b>			
Share capital	11	135,000	135,000
Share premium and reserves		2,817,682	2,746,061
<b>Equity attributable to owners of the Company</b>		2,952,682	2,881,061
<b>Non-current liabilities</b>			
Long-term tenant's deposits received		11,233	13,910
Deferred tax liabilities		50,810	49,255
Provision for long service payments		2,916	3,046
		64,959	66,211
		3,017,641	2,947,272

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2013

	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 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
At 1 April 2013 (audited)	135,000	43,216	17,135	63,618	2,622,092	2,881,061
Profit for the period	–	–	–	–	102,507	102,507
Fair value loss on available-for-sale investments	–	–	(3,886)	–	–	(3,886)
Total comprehensive (expense) income for the period	–	–	(3,886)	–	102,507	98,621
Dividends paid (note 6)	–	–	–	–	(27,000)	(27,000)
At 30 September 2013 (unaudited)	135,000	43,216	13,249	63,618	2,697,599	2,952,682

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2013

	Six months ended	
	30.9.2013 (unaudited) HK\$'000	30.9.2012 (unaudited) HK\$'000
<b>Operating activities</b>		
Profit before taxation	110,938	309,208
Adjustments for:		
Unrealised loss (gain) on investments held for trading	9,698	(1,973)
Increase in fair value of investment properties	(77,494)	(268,988)
Exchange loss (gain) on held-to-maturity investment	897	(7)
Depreciation	3,526	3,493
Operating cash flows before movements in working capital	47,565	41,733
(Increase) decrease in investments held for trading	(9,190)	24,451
Other movements in working capital	(649)	3,251
<b>Net cash from operating activities</b>	37,726	69,435
<b>Investing activities</b>		
Withdrawal of bank deposits	41,870	22,607
Withdrawal of deposits with security brokers	8,601	26,565
Additions of investment properties	(506)	(3,592)
Purchase of property, plant and equipment	(281)	(245)
Addition of bank deposits	–	(100,002)
<b>Net cash from (used in) investing activities</b>	49,684	(54,667)
<b>Cash used in financing activity</b>		
Dividends paid	(27,000)	(25,650)
<b>Net increase (decrease) in cash and cash equivalents</b>	60,410	(10,882)
<b>Cash and cash equivalents at beginning of the period</b>	105,691	81,620
<b>Cash and cash equivalents at end of the period,</b> represented by bank balances and cash	166,101	70,738

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

### 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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2013 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2013.

In the current interim period, the Group has applied, for the first time, certain new or revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are mandatorily effective for the current interim period.

#### HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and 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, subject to a few exceptions. HKFRS 13 contains a new definition for ‘fair value’ and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively and there is no significant change on fair value measurement of the Group. Disclosures of fair value information in accordance with the consequential amendment of HKAS 34 are set out in note 12 and additional disclosures in accordance with the requirements of HKFRS 13, especially relating to fair value of the Group’s investment properties, will be presented in the consolidated financial statements for the year ending 31 March 2014.

#### Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income. Upon application of the amendments to HKAS 1, the Group’s statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Except as described above, the application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

### 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 resources 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 2013

	Godown operations	Property investment	Treasury investment	Segment total	Eliminations	Consolidated
	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000
<b>Turnover</b>						
Segment revenue	18,525	47,115	2,607	68,247	–	68,247
Segment profit (loss)	7,026	42,318	(13,380)	35,964	–	35,964
Increase in fair value of investment properties						77,494
Central administrative costs						(2,520)
Profit before taxation						110,938

### 3. SEGMENT INFORMATION – CONTINUED

For the six months ended 30 September 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>
<b>Turnover</b>						
Segment revenue	16,990	40,992	1,767	59,749	–	59,749
Segment profit	6,524	35,762	968	43,254	–	43,254
Increase in fair value of investment properties						268,988
Central administrative costs						(3,034)
Profit before taxation						309,208

Segment profit (loss) represents the profit earned or 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 for the purposes of resources allocation and performance assessment.

In the prior period, information relating to inter-segment transactions was presented as part of segment information. As the chief operating decision maker only reviews segment revenue and segment profit (loss) derived from external parties, certain comparative figures have been re-presented so as to conform with the current interim period's presentation.

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

	30.9.2013 <i>HK\$'000</i>	31.3.2013 <i>HK\$'000</i>
Godown operations	110,278	112,977
Property investment	2,616,488	2,536,999
Treasury investment	160,775	217,021
Total segment assets	2,887,541	2,866,997
Godown operations	3,477	4,144
Property investment	31,591	29,881
Total segment liabilities	35,068	34,025

### 4. PROFIT BEFORE TAXATION

	Six months ended	
	30.9.2013 <i>HK\$'000</i>	30.9.2012 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Exchange loss, net	4,755	1,308

### 5. TAXATION

	Six months ended	
	30.9.2013 <i>HK\$'000</i>	30.9.2012 <i>HK\$'000</i>
The charge comprises:		
Hong Kong Profits Tax	6,876	5,723
Deferred taxation	1,555	1,651
	8,431	7,374

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	
	30.9.2013 <i>HK\$'000</i>	30.9.2012 <i>HK\$'000</i>
Dividends paid:		
Final dividend paid in respect of the year ended 31 March 2013 of HK7 cents (2012: HK7 cents) per ordinary share	9,450	9,450
Special dividend paid in respect of the year ended 31 March 2013 of HK13 cents (2012: HK12 cents) per ordinary share	17,550	16,200
	27,000	25,650
Dividends proposed:		
Interim dividend – HK7 cents (six months ended 30.9.2012: HK7 cents) per ordinary share	9,450	9,450
Special dividend – HK4 cents (six months ended 30.9.2012: HK8 cents) per ordinary share	5,400	10,800
	14,850	20,250

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 30.9.2012: HK7 cents) and a special dividend of HK4 cents per share (six months ended 30.9.2012: HK8 cents) be paid to the shareholders of the Company, whose names appear in the register of members on 24 December 2013. The interim dividend and special dividend will be paid on or around 8 January 2014.

## 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\$102,507,000 (six months ended 30.9.2012: HK\$301,834,000) and on 135,000,000 (six months ended 30.9.2012: 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

	30.9.2013 HK\$'000	31.3.2013 HK\$'000
AT FAIR VALUE		
At beginning of period/year	2,534,400	1,775,820
Additions	506	4,072
Increase in fair value	77,494	754,508
At end of period/year	<u>2,612,400</u>	<u>2,534,400</u>

The fair values of the majority of the Group's investment properties at 30 September 2013 amounting to HK\$2,586,000,000 (31.3.2013: HK\$2,534,400,000) 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 2013 amounting to HK\$26,400,000 (31.3.2013: nil) 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\$77,494,000 (six months ended 30.9.2012: HK\$268,988,000) which has been included in the condensed consolidated statement of profit or loss and other comprehensive income.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired additional property, plant and equipment for HK\$281,000 (six months ended 30.9.2012: HK\$245,000).

## 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. Before accepting any new customer, the Group will assess the potential customer's credit quality. Credit limits allowed to customers are reviewed once a year.

An analysis of trade receivables by age, presented based on the billing date, which approximate revenue recognition date, are as follows:

	30.9.2013 HK\$'000	31.3.2013 HK\$'000
Trade receivables		
Within 60 days	6,372	5,479
61 – 90 days	350	558
Over 90 days	37	27
	<u>6,759</u>	<u>6,064</u>
Other receivables	1,093	702
Prepayments and deposits	2,261	2,105
	<u>10,113</u>	<u>8,871</u>

## 11. SHARE CAPITAL

	30.9.2013		31.3.2013	
	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>500,000,000</u>	<u>500,000</u>
Issued and fully paid	<u>135,000,000</u>	<u>135,000</u>	<u>135,000,000</u>	<u>135,000</u>

## 12. FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS THAT ARE MEASURED AT FAIR VALUE

The fair value measurement of the available-for-sale investments and investments held for trading which are listed securities in Hong Kong of HK\$28,028,000 (31.3.2013: HK\$31,914,000) and HK\$73,261,000 (31.3.2013: HK\$73,769,000), respectively, are derived from quoted prices in an active market.

The valuation of available-for-sale investments and investments held for trading are categorised in level 1 of the fair value hierarchy with the fair value derived from quoted prices (unadjusted) in active market for identical assets.

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

## 13. RELATED PARTY TRANSACTIONS

The remuneration of directors and other members of key management during the period was HK\$2,005,000 (six months ended 30.9.2012: HK\$1,972,000).

## 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

### 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

### 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

### REGISTERED OFFICE

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

### REGISTRARS AND TRANSFER OFFICE

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

### WEBSITE

<http://www.safetygodown.com>

### STOCK CODE

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28 November 2013  
20 – 24 December 2013 (both days inclusive)  
24 December 2013  
on or around 8 January 2014