



Interim Report
中期報告 2015

安全貨倉有限公司

SAFETY GODOWN CO LTD

(Stock code 股份代號: 237)

GROUP RESULTS

The Group recorded a profit attributable to shareholders of HK\$174,681,000 for the six months ended 30 September 2014 (six months ended 30 September 2013: HK\$102,507,000), a rise of 70.41% against last corresponding period. The underlying profit excluding the fair value gain on investment properties amounted to HK\$45,909,000 (six months ended 30 September 2013: HK\$25,013,000), a substantial growth of underlying profit of 83.54% against last period.

DIVIDENDS

The Directors have declared an interim dividend of HK7 cents per share (six months ended 30 September 2013: HK7 cents) and a special dividend of HK13 cents per share (six months ended 30 September 2013: HK4 cents) be paid to the shareholders of the Company, whose names appear in the register of members on 23 December 2014. The interim dividend and special dividend will be paid on or around 9 January 2015.

BUSINESS REVIEW

Despite multiple rounds of quantitative easing, the bond-buying programmes in the U.S. have failed to stimulate economic innovation or strong growth in real terms. While the pace of recovery has been accelerating, its impact on emerging economies has weakened. Economic growth in the mainland during the third quarter of 2014 fell to its lowest level since the first quarter of 2009. The decelerated growth was primarily a reflection of the country's lacklustre domestic demand. As newsprint storage remains the primary source of the Group's godown business, our operation has been stable. Rental income increased by 5% over the same period last year.

Total property rental income increased by 11% over the same period last year. The average occupancy of Lu Plaza has been about 85%, while Chivas Godown has benefited from favourable increment in rents during tenancy renewal, recording a 25% increase in property rental income.

As far as financial investment is concerned, performance has been stable over the period under review. Total interest and dividend income from listed stocks increased by 19% over the same period last year. Profit on financial investment in the total of HK\$2,764,000 has been recorded, while a loss of HK\$13,380,000 was recorded in the same period last year.

OUTLOOK

While the U.S. ended its two-year long QE bond-purchase programme, moderate growth in the country's economy is expected, indicating that interest rates may rise sooner than expected. Investors are now prudently observing economic trends. The mainland has proposed that "economic reform shall be accompanied by the support of rule of law; reform decisions have to walk hand in hand with legislation". With the implementation of the nation-wide anti-extravagance policy and further cool down in the real estate market, domestic economic growth in China will continue to slow. As growth in domestic demand further decelerates, godown and logistics businesses in Hong Kong may be affected.

After obtaining the permission for the revitalization application of Lu Plaza from the Lands Department, the General Building Plans for A&A works have also been approved by the Buildings Department. The project is now proceeding to the public tender process and is expected to commence in mid-2015. With the general increase in construction costs lately, the costs of revitalizing the building may exceed the budgeted figures by a double-digit percentage. The actual costs will depend on tender results.

As far as the godown property located at 132-140 Kwok Shui Road, Kwai Chung is concerned, the Group is under negotiation and discussion with potential buyers. According to the Company's Announcement dated 29 October 2014, the Group intends to make an offer to one of the potential buyers. However, the Group has not made any binding agreement regarding the possible sale, and therefore the sale may or may not be proceeded.

FINANCIAL REVIEW

The Group's turnover for the period under review totalled HK\$75,130,000 (six months ended 30 September 2013: HK\$68,247,000), an increase of 10.09% against last corresponding period, while the profit before taxation for the period grew by 66.13% from HK\$110,938,000 in last period to HK\$184,303,000 in this period. The growth in turnover and profit was mainly attributable to the increase in rental income from property investments and reduction of godowns operating costs.

Godown operations

Turnover in godown operations grew steadily. With the steady demand in logistic services and increase in storage price, the revenue from godown operations increased by 5.24% to HK\$19,495,000 (six months ended 30 September 2013: HK\$18,525,000) while the segment profit surged by 40.52% to HK\$9,873,000 (six months ended 30 September 2013: HK\$7,026,000) against the last corresponding period. Retirement of aged staff in September 2013 significantly reduced the staff cost of godown business. Profit margin rose from 37.93% in last period to 50.64% in this period, which reflects the Group's efficiency in managing its resources.

Property investment

Rental income generated from property leasing business continued to register an increase of 11.49% to HK\$52,528,000 (six months ended 30 September 2013: HK\$47,115,000) against last period. Profit excluding fair value gain in investment properties increased by 8.37% to HK\$45,859,000 (six months ended 30 September 2013: HK\$42,318,000). The average occupancy level of the Group's core investment properties, Lu Plaza, dropped to around 85% throughout the period. Another major investment property of the Group, Chivas Godown, recorded satisfactory growth in rental income by 25.24% to HK\$19,152,000 (six months ended 30 September 2013: HK\$15,292,000).

In addition, the fair value of the investment properties of the Group had increased by HK\$128,772,000 during the period (six months ended 30 September 2013: HK\$77,494,000), and as a result, the total value of the investment properties of the Group as at 30 September 2014 increased to HK\$2,796,400,000 (31 March 2014: HK\$2,667,400,000).

Treasury investment

Investment income generated from treasury investment improved by 19.18% to HK\$3,107,000 (six months ended 30 September 2013: HK\$2,607,000). The Group deposited its surplus cash in Hong Kong dollar fixed deposits to generate interest income. Together with the dividend income received from listed investments and gain/loss on listed securities trading, they generated a profit in treasury investment in the amount of HK\$2,764,000 as compared to a deficit of HK\$13,380,000 in last period.

The long term available-for-sale investments had also registered an unrealised gain of HK\$2,166,000 (six months ended 30 September 2013: unrealised loss of HK\$3,886,000), such fair value gain was included in other comprehensive income for the period.

LIQUIDITY AND FINANCIAL RESOURCES

The Group continues to maintain a strong cash position. As at 30 September 2014, the total cash and bank balance was maintained at HK\$299,331,000 (31 March 2014: HK\$230,399,000). Net cash from operating activities increased to HK\$103,038,000 during the period (six months ended 30 September 2013: HK\$37,726,000), a significant increase of 173.12% against last period. The increase in net cash inflow was mainly attributable to the rise in recurring income in core business activities and the disposal of trading investment during the period.

The Group does not have any borrowings. The current ratio was maintained at a high level of 8.99 times (31 March 2014: 9.90 times), while the total non-current liabilities was kept at a low level of HK\$74,980,000 (31 March 2014: HK\$63,735,000).

EMPLOYEES

As at 30 September 2014, the total number of employees of the Group was 53 (31 March 2014: 54) employees, compared with 63 as at 30 September 2013. Staff cost (including directors' emoluments) decreased by 13.47% to HK\$8,075,000 (six months ended 30 September 2013: HK\$9,332,000).

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's foreign currency exposure principally related to its investment in Australian dollar bonds. During the period, the Group recorded exchange losses of HK\$439,000 (six months ended 30 September 2013: HK\$4,755,000) on Australian dollar monetary assets. As at 30 September 2014, the total value of the held-to-maturity investment amounted to HK\$6,813,000 (31 March 2014: HK\$7,215,000).

CONTINGENT LIABILITIES

As at 30 September 2014, the Group did not have any significant contingent liabilities.

PLEDGE OF ASSETS

As at 30 September 2014, the Group did not have any pledge of assets (31 March 2014: nil).

DIRECTORS' INTERESTS IN SECURITIES

At 30 September 2014, 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)			Total	Percentage of issued share capital of the Company
	Personal interests	Family interests	Corporate interests		
Mr. Lu Sin	4,400,000	12,939,500 ¹	49,203,445 ²	66,542,945	49.29%
Mr. Lu Wing Yee, Wayne	7,910,420	–	23,440 ³	7,933,860	5.88%
Mr. Lam Ming Leung	10,000	–	–	10,000	0.0074%

Notes:

1. Mr. Lu Sin was deemed to be interested in these 12,939,500 shares which comprise:
 - (i) 2,589,500 shares which were held by his spouse, Ms. Chan Koon Fung, personally;
 - (ii) 10,350,000 shares held through Earngold Limited of which his spouse, Ms. Chan Koon Fung, indirectly owns 50% of the issued share capital.
2. Mr. Lu Sin was deemed to be interested in these 49,203,445 shares which comprise:
 - (i) 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;
 - (ii) 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.
3. Mr. Lu Wing Yee, Wayne was deemed to be interested in these 23,440 shares through a company, which was 100% controlled by him.

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 2014.

SUBSTANTIAL SHAREHOLDERS

At 30 September 2014, 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 2014, 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, 19 December 2014 to Tuesday, 23 December 2014, 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, Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:00 p.m. on Thursday, 18 December 2014.

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 2014 (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 7 of this Interim Report.

In the presence of the representatives of DTT, the Audit Committee met on 20 November 2014 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 2014 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 2014.

Lu Wing Yee, Wayne
Director

Oen Min Tjin
Director

Hong Kong, 27 November 2014

**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 8 to 17, which comprise the condensed consolidated statement of financial position as of 30 September 2014 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
27 November 2014

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2014

	<i>Notes</i>	Six months ended	
		30.9.2014	30.9.2013
		(unaudited) <i>HK\$ '000</i>	(unaudited) <i>HK\$ '000</i>
Turnover	3	75,130	68,247
Income from godown operations		19,495	18,525
Income from property investment		52,528	47,115
Interest income		1,262	424
Dividend income		1,845	2,183
Fair value gain (loss) on investments held for trading		713	(10,911)
Other income and gains		64	62
Increase in fair value of investment properties		128,772	77,494
Staff costs		(8,075)	(9,332)
Depreciation of property, plant and equipment		(3,403)	(3,526)
Other expenses		(8,898)	(11,096)
Profit before taxation	4	184,303	110,938
Taxation	5	(9,622)	(8,431)
Profit for the period attributable to owners of the Company		174,681	102,507
Other comprehensive income (expense) for the period			
Item that may be subsequently reclassified to profit or loss:			
Fair value gain (loss) on available-for-sale investments		2,166	(3,886)
Total comprehensive income for the period attributable to owners of the Company		176,847	98,621
Earnings per share – Basic	7	HK\$1.29	HK\$0.76

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2014

	Notes	30.9.2014 (unaudited) HK\$'000	31.3.2014 (audited) HK\$'000
Non-current assets			
Investment properties	8	2,796,400	2,667,400
Property, plant and equipment	9	98,185	101,460
Available-for-sale investments		29,557	27,391
Held-to-maturity investment		6,813	7,215
		<u>2,930,955</u>	<u>2,803,466</u>
Current assets			
Investments held for trading		52,555	89,886
Trade and other receivables	10	13,436	10,977
Tax recoverable		2,002	2,002
Bank and other deposits		194,904	152,824
Bank balances and cash		104,427	77,575
		<u>367,324</u>	<u>333,264</u>
Current liabilities			
Other payables		28,644	29,448
Tax payable		12,213	4,202
		<u>40,857</u>	<u>33,650</u>
Net current assets			
		<u>326,467</u>	<u>299,614</u>
		<u>3,257,422</u>	<u>3,103,080</u>
Capital and reserves			
Share capital	11	178,216	178,216
Share premium and reserves		3,004,226	2,861,129
Equity attributable to owners of the Company			
		<u>3,182,442</u>	<u>3,039,345</u>
Non-current liabilities			
Long-term tenant's deposits received		19,126	9,405
Deferred tax liabilities		54,055	52,444
Provision for long service payments		1,799	1,886
		<u>74,980</u>	<u>63,735</u>
		<u>3,257,422</u>	<u>3,103,080</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2014

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Property revaluation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
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 (<i>note 6</i>)	–	–	–	–	(27,000)	(27,000)
At 30 September 2013 (unaudited)	<u>135,000</u>	<u>43,216</u>	<u>13,249</u>	<u>63,618</u>	<u>2,697,599</u>	<u>2,952,682</u>
At 1 April 2014 (audited)	178,216	–	12,612	63,618	2,784,899	3,039,345
Profit for the period	–	–	–	–	174,681	174,681
Fair value gain on available-for-sale investments	–	–	2,166	–	–	2,166
Total comprehensive income for the period	–	–	2,166	–	174,681	176,847
Dividends paid (<i>note 6</i>)	–	–	–	–	(33,750)	(33,750)
At 30 September 2014 (unaudited)	<u>178,216</u>	<u>–</u>	<u>14,778</u>	<u>63,618</u>	<u>2,925,830</u>	<u>3,182,442</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2014

	Six months ended	
	30.9.2014	30.9.2013
	(unaudited)	(unaudited)
	HK\$ '000	HK\$ '000
Operating activities		
Profit before taxation	184,303	110,938
Adjustments for:		
Unrealised loss on investments held for trading	56	9,698
Increase in fair value of investment properties	(128,772)	(77,494)
Exchange loss on held-to-maturity investment	402	897
Depreciation of property, plant and equipment	3,403	3,526
	<hr/>	<hr/>
Operating cash flows before movements in working capital	59,392	47,565
Decrease (increase) in investments held for trading	37,275	(9,190)
Other movements in working capital	6,371	(649)
	<hr/>	<hr/>
Net cash from operating activities	103,038	37,726
	<hr/>	<hr/>
Investing activities		
Addition of deposits with security brokers	(36,058)	–
Addition of bank deposits	(10,027)	–
Additions of investment properties	(228)	(506)
Purchase of property, plant and equipment	(128)	(281)
Withdrawal of bank deposits	4,005	41,870
Withdrawal of deposits with security brokers	–	8,601
	<hr/>	<hr/>
Net cash (used in) from investing activities	(42,436)	49,684
	<hr/>	<hr/>
Cash used in financing activity		
Dividends paid	(33,750)	(27,000)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	26,852	60,410
Cash and cash equivalents at beginning of the period	77,575	105,691
	<hr/>	<hr/>
Cash and cash equivalents at end of the period, represented by bank balances and cash	104,427	166,101
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

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.

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

The application of the new interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements 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 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 2014

	Godown operations	Property investment	Treasury investment	Segment total	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover					
Segment revenue	19,495	52,528	3,107	75,130	75,130
Segment profit	9,873	45,859	2,764	58,496	58,496
Increase in fair value of investment properties					128,772
Central administrative costs					(2,965)
Profit before taxation					184,303

3. SEGMENT INFORMATION – CONTINUED

For the six months ended 30 September 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>	Consolidated <i>HK\$'000</i>
Turnover					
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

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.

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

	30.9.2014 <i>HK\$'000</i>	31.3.2014 <i>HK\$'000</i>
Godown operations	104,326	107,551
Property investment	2,799,526	2,670,898
Treasury investment	287,647	278,103
Total segment assets	3,191,499	3,056,552
Godown operations	3,288	4,076
Property investment	39,741	31,702
Total segment liabilities	43,029	35,778

4. PROFIT BEFORE TAXATION

	Six months ended	
	30.9.2014	30.9.2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Exchange loss, net	<u>439</u>	<u>4,755</u>

5. TAXATION

	Six months ended	
	30.9.2014	30.9.2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
The charge comprises:		
Hong Kong Profits Tax	8,011	6,876
Deferred taxation	<u>1,611</u>	<u>1,555</u>
	<u>9,622</u>	<u>8,431</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	
	30.9.2014	30.9.2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividends paid:		
Final dividend paid in respect of the year ended 31 March 2014 of HK7 cents (2013: HK7 cents) per ordinary share	9,450	9,450
Special dividend paid in respect of the year ended 31 March 2014 of HK18 cents (2013: HK13 cents) per ordinary share	<u>24,300</u>	<u>17,550</u>
	<u>33,750</u>	<u>27,000</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, amounting to HK\$9,450,000 and a special dividend of HK13 cents per share, amounting to HK\$17,550,000 be paid to the shareholders of the Company, whose names appear in the register of members on 23 December 2014. The interim dividend and special dividend will be paid on or around 9 January 2015.

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\$174,681,000 (six months ended 30.9.2013: HK\$102,507,000) and on 135,000,000 (six months ended 30.9.2013: 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

	30.9.2014	31.3.2014
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
AT FAIR VALUE		
At beginning of period/year	2,667,400	2,534,400
Additions	228	506
Increase in fair value recognised in profit or loss	128,772	132,494
	<u>2,796,400</u>	<u>2,667,400</u>
At end of period/year	<u>2,796,400</u>	<u>2,667,400</u>

The fair values of the majority of the Group's investment properties at 30 September 2014 amounting to HK\$2,770,000,000 (31.3.2014: HK\$2,641,000,000) 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 on the basis of capitalisation of the rental income receivable and reversionary income potential by adopting appropriate capitalisation rates.

The fair values of the Group's investment properties as at 30 September 2014 amounting to HK\$26,400,000 (31.3.2014: HK\$26,400,000) 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 on the basis of capitalisation of the rental income receivable and reversionary income potential by adopting appropriate capitalisation rates.

The revaluation gave rise to a gain arising from changes in fair value of HK\$128,772,000 (six months ended 30.9.2013: HK\$77,494,000) 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\$128,000 (six months ended 30.9.2013: HK\$281,000).

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:

	30.9.2014 <i>HK\$'000</i>	31.3.2014 <i>HK\$'000</i>
Trade receivables		
Within 60 days	6,518	6,867
61 – 90 days	364	612
Over 90 days	50	5
	<hr/>	<hr/>
	6,932	7,484
Other receivables	4,242	942
Prepayments and deposits	2,262	2,551
	<hr/>	<hr/>
	<u>13,436</u>	<u>10,977</u>

11. SHARE CAPITAL

	30.9.2014		31.3.2014	
	Number of shares	<i>HK\$'000</i>	Number of shares	<i>HK\$'000</i>
Issued and fully paid:				
Ordinary shares with no par value	<u>135,000,000</u>	<u>178,216</u>	<u>135,000,000</u>	<u>178,216</u>

12. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The fair value measurement of the available-for-sale investments and investments held for trading which are listed securities in Hong Kong of HK\$29,557,000 (31.3.2014: HK\$27,391,000) and HK\$52,555,000 (31.3.2014: HK\$89,886,000), 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 DISCLOSURES

The remuneration of directors and other members of key management during the period was HK\$2,085,000 (six months ended 30.9.2013: HK\$2,005,000).

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

Industrial and Commercial Bank of

China (Asia) Limited

SOLICITORS

Woo, Kwan, Lee & Lo

AUDITORS

Deloitte Touche Tohmatsu

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

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

WEBSITE

<http://www.safetygodown.com>

STOCK CODE

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KEY DATES

Interim Results Announcement

27 November 2014

Closure of Register of Members

19-23 December 2014

(both days inclusive)

Record Date for Interim Dividend and Special Dividend

23 December 2014

Payment of Interim Dividend and Special Dividend

on or around 9 January 2015

安全貨倉 集團

SAFETY GODOWN GROUP

九龍觀塘榮業街2號振萬廣場13樓1305-1306室

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