

安全貨倉有限公司



S A F E T Y G O D O W N C O L T D

中期報告 INTERIM REPORT 2008



Stock Code 股份代號：237

Group Results

The Board of Directors of Safety Godown Company, Limited (the “Company”) are pleased to announce that the unaudited consolidated profit attributable to shareholders for the six months ended 30 September 2007 was HK\$71,984,000, representing a decrease of 30% against the amount of HK\$102,677,000 for the last corresponding period. Earnings per share for the period were HK53.3 cents (2006: HK76.1 cents). The interim financial report is unaudited, but has been reviewed by Deloitte Touche Tohmatsu in accordance with Hong Kong Standard on Review Engagement 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Dividends

The Directors have declared an interim dividend of HK7 cents per share (2006: HK7 cents per share) and a special dividend of HK3 cents per share (2006: NIL) for the six months ended 30 September 2007 to shareholders whose names appear in the Register of Members of the Company on Friday 4 January 2008. The interim and special dividend will be paid on or about Friday 11 January 2008.

Business Review

Godown Operation

Following the strong economic growth in Mainland China last year, especially the increasingly open financial market, Hong Kong’s economy continued to grow. However, with the adjustment of export tax refund policy in Mainland China in July 2007, which increased the costs for manufacturers from Hong Kong, most of them remained cautious in the management of their inventory level, thereby affecting the demand for warehousing.

Property Investment

Benefiting from the relatively thriving market of commercial premises rental and sale in Hong Kong, the Group’s major investment property, Lu Plaza, had maintained a high occupancy rate of over 90% during the period under review, and rentals also kept up with the market level. Therefore, the overall rental income increased as compared with the previous year.

Outlook

Godown Operation

In the second half of the year, godown business will continue to be affected by various adverse factors such as high oil prices, weakening US economy, and, in particular, the pending sub-prime mortgage crisis, all of which are affecting the export momentum of Hong Kong. In addition, the appreciation of Renminbi and rising inflation in Mainland China will continue to increase the costs of raw materials and labour. The tightening of export tax refund policy will further narrow the profit margin of yarn fabric export. These are in addition to the increasing trade barriers imposed by the European and American markets on China's textiles products. It is expected that the godown business in Hong Kong will continue to be under pressure.

On the positive side, there is a prosperous stock market driven by the Qualified Domestic Institutional Investors (QDII) Scheme in Mainland China, an improved employment rate, a revitalised property market as well as enhanced purchasing power. With these favourable factors, the Group will proactively explore new sources of business and seek closer cooperation with existing clients by further improving our service quality to maintain stable business performance.

Property Investment

Because of the upcoming significant increase in the supply of office premises upon gradual completion of new commercial buildings in the Kowloon East district, the leasing business of Lu Plaza will be subject to considerable pressure. Marketing efforts will be stepped up accordingly to attract new tenants, whilst our standing principle of 'Customers Come First' will continue to be upheld to retain all existing tenants in order to secure a stable rental income for the Group.

Financial Review

Total revenue for the Group for the six months period amounted to HK\$74,965,000 (6 months ended 30.9.2006: HK\$47,890,000), representing an increase of 56.5% from that of the last corresponding period. Profit for the period attributable to shareholders was approximately HK\$71,984,000 (6 months ended 30.9.2006: HK\$102,677,000), while profit attributable to shareholders after excluding fair value gain in investment properties and related deferred tax was HK\$48,636,000 (6 months ended 30.9.2006: HK\$23,972,000), representing a growth of 102.9% over the last period which was mainly driven by the growth in income from property and treasury investment during the period.

Godown Operation

During the period under review, the godown operation recorded a drop in turnover of 12.8% to HK\$13,744,000 (6 months ended 30.9.2006: HK\$15,760,000) with the segment's profit declined by 26.3% to HK\$5,062,000 (6 months ended 30.9.2006: HK\$6,868,000).

With the reasons mentioned in the Business Review, the godown business of the group has been under pressure throughout the period. Thanks to the endeavor of our management and staff, Safety Godown was able to maintain an average occupancy rate of over 90% throughout the period while occupancy rate of Chivas Godown show a signal of recession compared with that of last corresponding period.

Property Investment

There has been a strong growth in the Group's rental revenue during the period. Rental income from investment properties increased by 12.7% from the last corresponding period to reach HK\$31,695,000 (6 months ended 30.9.2006: HK\$28,133,000). As at 30 September 2007, the investment properties of the Group were revalued at HK\$1,217,800,000 (31.3.2007: HK\$1,189,500,000), reflecting a further increase in value of the Group's investment properties.

Operating profits from the property investment sector excluding the fair value gain on investment properties showed a marked increase of 17.7% to HK\$27,497,000 (6 months ended 30.9.2006: HK\$23,369,000). The growth was mainly attributable to both higher occupancy and rental rates achieved in the Group's core investment property, Lu Plaza, during the period.

Treasury Investment

The Group continued to deliver good performance in treasury investment. During the period, the Group realised some of its long term securities investment and reduced its portfolio weighting in trading securities in order to take advantage of the buoyant stock market. Turnover in treasury investment increased substantially to HK\$29,526,000 (6 months ended 30.9.2006: HK\$3,997,000), with profit from this sector surged to HK\$26,919,000 (6 months ended 30.9.2006: HK\$749,000).

As at 30 September 2007, the available-for-sale investments held by the Group amounted to HK\$38,539,000 (31.3.2007: HK\$45,669,000) and investments held for trading amounted to HK\$10,090,000 (31.3.2007: HK\$21,519,000).

Financial Resources and Liquidity

As at 30 September 2007, the net asset value of the Group was HK\$1,350,178,000 or HK\$10 per share (31.3.2007: HK\$1,292,338,000 or HK\$9.6 per share).

We maintained a very strong liquidity position. Cash balance kept at a high level of HK\$205,455,000 (31.3.2007: HK\$144,398,000). The current ratio at the balance sheet date was 7.52 times (31.3.2007: 6.01 times). The Group does not have any borrowings and, accordingly, no finance costs were incurred during the period and in the last corresponding period.

The Group's net cash generated from operating and investing activities during the period was HK\$81,307,000 (6 months ended 30.9.2006: HK\$7,274,000). Cash inflow from disposal of investments held for trading and available-for-sale investments mainly accounted for the increase. Dividend paid out during the period amounted to HK\$20,250,000 (6 months ended 30.9.2006: HK\$12,150,000).

Financial Risk and Management

We have established internal control system to protect against loss arising through fraud, unauthorised activities, errors and system malfunctions. An external auditor was engaged to perform independent reviews of the internal control systems.

The Group is exposed to securities price risk through its available-for-sale investments and investments held for trading. The management manages this exposure by monitoring closely market fluctuations and maintaining a portfolio of investments with different risk profiles.

In the opinion of the Directors, the credit risk, liquidity risk and the interest rate risk arising from the business operation are not considered as material as the Group does not have any concentration of trade receivables and interest-bearing loan. Investments and cash transactions are executed with counterparties with sound credit ratings.

The Group is exposed to foreign exchange fluctuations for certain bank balances. The Group closely monitors the related exchange rates and, whenever appropriate, takes necessary action to reduce exchange risk.

The Group regularly reviewed its tenant mix and its policies on the collection of rental and outstanding debts. Rental deposits are received in advance from tenants to mitigate the potential default risks.

Pledge of Assets

At 30 September 2007, the Group has pledged its investment properties and property, plant and equipment with carrying values of HK\$1,023,000,000 (31.3.2007: HK\$1,015,000,000) and HK\$5,238,000 (31.3.2007: HK\$5,333,000), respectively, to banks to secure general banking facilities to the extent of HK\$72,000,000 (31.3.2007: HK\$72,000,000) granted to the Group. At 30 September 2007, no such facilities were utilised by the Group.

Employees

As at 30 September 2007, the Group employed a total of 79 employees. The total staff costs for the period ended 30 September 2007 was kept at HK\$9,825,000 (6 months ended 30.9.2006: HK\$9,892,000).

Directors' Interests in Securities

At 30 September 2007, 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 371 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	Personal interests	Number of issued ordinary shares of the Company held (long position)		Total	Percentage of issued share capital of the Company
		Family interests (Note 1)	Corporate interests (Note 2)		
Mr. Lu Sin	4,400,000	2,589,500	59,553,445	66,542,945	49%
Mr. Lui Chi Lung	947,884	-	-	947,884	1%
Mr. Lam Ming Leung	10,000	-	-	10,000	-

Notes:

1. 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.
2. Mr. Lu Sin was deemed to be interested in these 59,553,445 shares which comprise:-
 - (i) 47,203,445 shares held through Kian Nan Financial Limited. Kian Nan Financial Limited was 63.27% held by Lusin and Company Limited which in turn was 70% controlled by Mr. Lu Sin;
 - (ii) 2,000,000 shares held through Lusin and Company Limited which was 70% controlled by Mr. Lu Sin; and
 - (iii) 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.

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 2007.

Substantial Shareholders

At 30 September 2007, 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	
Eaver Company Limited	2,007,628	47,203,445 (Note 1)	36%
Lusin and Company Limited	2,000,000	47,203,445 (Note 1)	36%
Kian Nan Financial Limited	47,203,445	-	35%
Fu Nan Enterprises Company Limited	11,999,661	-	9%
Earngold Limited	10,350,000	-	8%

Notes:

1. Eaver Company Limited and Lusin and Company Limited were deemed to be interested in 47,203,445 shares of the Company by virtue of their 34.73% and 63.27% shareholding in Kian Nan Financial Limited respectively.
2. 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% 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, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company at 30 September 2007.

Closure of Members Register

The Register of Members of the Company will be closed from Wednesday 2 January 2008 to Friday 4 January 2008, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the proposed interim 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 Monday 31 December 2007.

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.

Audit Committee

The Audit Committee comprises three Independent Non-executive Directors and one Non-executive Director. The Committee is chaired by Mr. Gan Khai Choon. The other members are Mr. Lam Ming Leung, Mr. Leung Man Chiu, Lawrence and Mr. Lee Ka Sze, Carmelo.

The Audit Committee, together with the management of the Company, have reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the review of the unaudited consolidated interim financial statements of the Group for the six months ended 30 September 2007.

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 2007 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.

The Chairman ensures that all Directors are properly briefed on issues arising at Board meetings. The Chairman is responsible for ensuring that directors receive adequate information in a timely manner.

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 and are subject to re-election in accordance with the Company's Articles of Association and code provision A.4.1 of the CG Code.

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 complied with the required standard set out in the Model Code during the six months ended 30 September 2007.

By Order of the Board

Lu Sin
Chairman

Hong Kong, 14 December 2007

Report on Review of Interim Financial Information



TO THE BOARD OF DIRECTORS OF SAFETY GODOWN COMPANY, LIMITED
(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 11 to 22, which comprises the condensed consolidated balance sheet of Safety Godown Company, Limited as of 30 September 2007 and the related condensed consolidated income statement, statement of changes in equity and cash flow statement 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 (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information 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 interim financial information consists of making enquires, 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 interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 14 December 2007

Condensed Consolidated Income Statement

For the six months ended 30 September 2007

		Six months ended	
		30.9.2007	30.9.2006
		(unaudited)	(unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	3	74,965	47,890
Income from godown operations		13,744	15,760
Income from property investment		31,695	28,133
Gains (losses) on investments			
Fair value gain (loss)			
on investments held for trading		11,672	(1,918)
Gain on disposals of available- for-sale investments		11,419	–
Interest income		2,844	938
Dividend income		1,146	1,806
Other income		1,404	594
Increase in fair value of investment properties		28,300	95,400
Staff costs		(9,825)	(9,892)
Depreciation of property, plant and equipment		(1,504)	(1,765)
Release of prepaid lease payments		(219)	(220)
Other expenses		(5,269)	(4,506)
Profit before taxation	4	85,407	124,330
Taxation	5	(13,423)	(21,653)
Profit for the period attributable to shareholders		71,984	102,677
Dividends	6		
Paid		20,250	12,150
Proposed		13,500	9,450
Earnings per share – Basic	7	HK53.3 cents	HK76.1 cents

Condensed Consolidated Balance Sheet

At 30 September 2007

	Notes	30.9.2007 (unaudited) HK\$'000	31.3.2007 (audited) HK\$'000
Non-current assets			
Investment properties	8	1,217,800	1,189,500
Property, plant and equipment	9	13,940	16,176
Prepaid lease payments		21,056	21,275
Available-for-sale investments		38,539	45,669
		<u>1,291,335</u>	<u>1,272,620</u>
Current assets			
Prepaid lease payments		441	441
Investments held for trading		10,090	21,519
Trade and other receivables	10	10,039	10,359
Tax recoverable		–	1,074
Bank balances and cash		205,455	144,398
		<u>226,025</u>	<u>177,791</u>
Current liabilities			
Other payables		26,683	27,909
Tax payable		3,386	1,653
		<u>30,069</u>	<u>29,562</u>
Net current assets		<u>195,956</u>	<u>148,229</u>
		<u>1,487,291</u>	<u>1,420,849</u>
Capital and reserves			
Share capital	11	135,000	135,000
Reserves		1,215,178	1,157,338
		<u>1,350,178</u>	<u>1,292,338</u>
Non-current liabilities			
Deferred tax liabilities		134,791	126,236
Provision for long service payments		2,322	2,275
		<u>137,113</u>	<u>128,511</u>
		<u>1,487,291</u>	<u>1,420,849</u>

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2007

	Share capital HK\$'000	Share premium HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2006 (audited)	135,000	43,216	19,323	403	938,931	1,136,873
Revaluation increase recognised directly in equity	-	-	4,552	-	-	4,552
Profit for the period	-	-	-	-	102,677	102,677
Total recognised income for the period	-	-	4,552	-	102,677	107,229
Dividends paid	-	-	-	-	(12,150)	(12,150)
At 30 September 2006 (unaudited)	135,000	43,216	23,875	403	1,029,458	1,231,952
Revaluation decrease recognised directly in equity	-	-	(3,798)	-	-	(3,798)
Exchange differences arising on translation of foreign operations	-	-	-	592	-	592
Total (expense) income recognised directly in equity	-	-	(3,798)	592	-	(3,206)
Profit for the period	-	-	-	-	84,028	84,028
Transfer to profit or loss upon disposal of available-for-sale investments	-	-	(10,986)	-	-	(10,986)
Total recognised (expense) income for the period	-	-	(14,784)	592	84,028	69,836
Dividends paid	-	-	-	-	(9,450)	(9,450)
At 31 March 2007 (audited)	135,000	43,216	9,091	995	1,104,036	1,292,338
Revaluation increase recognised directly in equity	-	-	18,520	-	-	18,520
Profit for the period	-	-	-	-	71,984	71,984
Transfer to profit or loss upon liquidation of a foreign operation	-	-	-	(995)	-	(995)
Transfer to profit or loss upon disposal of available-for-sale investments	-	-	(11,419)	-	-	(11,419)
Total recognised income (expense) for the period	-	-	7,101	(995)	71,984	78,090
Dividends paid	-	-	-	-	(20,250)	(20,250)
At 30 September 2007 (unaudited)	135,000	43,216	16,192	-	1,155,770	1,350,178

Condensed Consolidated Cash Flow Statement

For the six months ended 30 September 2007

	Six months ended	
	30.9.2007	30.9.2006
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Net cash from operating activities	54,611	9,144
Net cash from (used in) investing activities		
Proceeds from disposal of available-for-sale investments	25,650	–
Proceeds from disposal of property, plant and equipment	1,117	–
Other investing activities	(71)	(1,870)
	26,696	(1,870)
Cash used in financing activity		
Dividends paid	(20,250)	(12,150)
Net increase (decrease) in cash and cash equivalents	61,057	(4,876)
Cash and cash equivalents at beginning of the period	144,398	75,842
Cash and cash equivalents at end of the period, represented by bank balances and cash	205,455	70,966

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2007

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 (the "Listing Rules") 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 certain properties and financial instruments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2007.

In the current interim period, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 April 2007.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ²
HK(IFRIC) – Int 8	Scope of HKFRS 2 ³
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives ⁴
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment ⁵
HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions ⁶

¹ Effective for annual periods beginning on or after 1 January 2007

² Effective for annual periods beginning on or after 1 March 2006

³ Effective for annual periods beginning on or after 1 May 2006

⁴ Effective for annual periods beginning on or after 1 June 2006

⁵ Effective for annual periods beginning on or after 1 November 2006

⁶ Effective for annual periods beginning on or after 1 March 2007

The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the new and revised standards or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC) – Int 12	Service Concession Arrangements ²
HK(IFRIC) – Int 13	Customer Loyalty Programmes ³
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ²

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 January 2008

³ Effective for annual periods beginning on or after 1 July 2008

3. SEGMENT INFORMATION

For management purposes, the Group is currently organised into three operating divisions - godown operations, property investment and treasury investment. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

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

Business segment information is presented below:

For the six months ended 30 September 2007

	Godown operations HK\$'000	Property investment HK\$'000	Treasury investment HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Revenue					
External income	13,744	31,695	29,526	-	74,965
Inter-segment income	-	2,838	-	(2,838)	-
Total	<u>13,744</u>	<u>34,533</u>	<u>29,526</u>	<u>(2,838)</u>	<u>74,965</u>

Inter-segment income is charged based on market/concessionary rates.

Segment result	<u>5,062</u>	<u>55,797</u>	<u>26,919</u>	<u>-</u>	87,778
Unallocated corporate expenses					(2,371)
Profit before taxation					85,407
Taxation					(13,423)
Profit for the period attributable to shareholders					<u>71,984</u>

For the six months ended 30 September 2006

	Godown operations HK\$'000	Property investment HK\$'000	Treasury investment HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Revenue					
External income	15,760	28,133	3,997	-	47,890
Inter-segment income	-	2,838	-	(2,838)	-
Total	<u>15,760</u>	<u>30,971</u>	<u>3,997</u>	<u>(2,838)</u>	<u>47,890</u>

Inter-segment income is charged based on market/concessionary rates.

Segment result	<u>6,868</u>	<u>118,769</u>	<u>749</u>	<u>-</u>	126,386
Unallocated corporate expenses					(2,056)
Profit before taxation					124,330
Taxation					(21,653)
Profit for the period attributable to shareholders					<u>102,677</u>

4. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after crediting:

	Six months ended	
	30.9.2007	30.9.2006
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Gain on disposal of property, plant and equipment	314	84

5. TAXATION

	Six months ended	
	30.9.2007	30.9.2006
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax:		
Current period	3,710	1,835
Under provision in prior year	–	3
The People's Republic of China ("PRC") Enterprise Income Tax:		
Under provision in prior year	1,158	–
	4,868	1,838
Deferred taxation	8,555	19,815
	13,423	21,653

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 15.7% for the six months ended 30 September 2007 (six months ended 30.9.2006: 17.4%).

Taxation arising in other jurisdictions is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 33% for the six months ended 30 September 2007.

6. DIVIDENDS

	Six months ended	
	30.9.2007	30.9.2006
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Dividend paid:		
Final dividend paid in respect of the year ended 31 March 2007 of HK7 cents (year ended 31 March 2006: HK7 cents) per ordinary share	9,450	9,450
Special dividend paid in respect of the year ended 31 March 2007 of HK8 cents (year ended 31 March 2006: HK2 cents) per ordinary share	10,800	2,700
	20,250	12,150
Dividend proposed:		
Interim dividend: HK7 cents (six months ended 30.9.2006: HK7 cents) per ordinary share	9,450	9,450
Special dividend: HK3 cents (six months ended 30.9.2006: NIL) per ordinary share	4,050	-
	13,500	9,450

Subsequent to the balance sheet date, the directors have proposed that an interim dividend of HK7 cents per share (six months ended 30.9.2006: HK7 cents) and a special dividend of HK3 cents per share (six months ended 30.9.2006: NIL) be paid to the shareholders of the Company, whose names appear in the register of members on Friday 4 January 2008.

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period attributable to shareholders of HK\$71,984,000 (six months ended 30.9.2006: HK\$102,677,000) and on 135,000,000 shares (six months ended 30.9.2006: 135,000,000 shares) in issue throughout the period.

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

8. INVESTMENT PROPERTIES

The Group's investment properties were fair-valued by Messrs. Jones Lang LaSalle Limited and A A Property Services Limited, independent Chartered Surveyors, at 30 September 2007. The directors of Messrs. Jones Lang LaSalle Limited and A A Property Services Limited, Chartered Surveyors, who carry out the valuation, are members of the Hong Kong Institute of Surveyors, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conformed to Hong Kong Institute of Surveyors Valuation Standards on Properties, was arrived at by reference to market evidence of transaction prices for similar properties. The resulting increase in fair value of investment properties of HK\$28,300,000 (six months ended 30.9.2006: HK\$95,400,000) has been recognised directly in the condensed consolidated income statement for the current period.

9. PROPERTY, PLANT AND EQUIPMENT

	Godown premises in Hong Kong held under long leases HK\$'000	Godown premises in Hong Kong held under medium- term leases HK\$'000	Office premises and carparks in Mainland China held under medium-term land use right HK\$'000	Leasehold improvements, furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
COST						
At 1 April 2007	47,612	32,975	1,791	21,156	2,383	105,917
Additions	-	-	-	71	-	71
Disposals	-	-	(1,791)	(111)	(256)	(2,158)
At 30 September 2007	47,612	32,975	-	21,116	2,127	103,830
DEPRECIATION AND AMORTISATION						
At 1 April 2007	40,065	26,707	974	19,965	2,030	89,741
Provided for the period	952	107	14	285	146	1,504
Eliminated on disposals	-	-	(988)	(111)	(256)	(1,355)
At 30 September 2007	41,017	26,814	-	20,139	1,920	89,890
CARRYING VALUES						
At 30 September 2007	6,595	6,161	-	977	207	13,940
At 31 March 2007	7,547	6,268	817	1,191	353	16,176

10. TRADE AND OTHER RECEIVABLES

The Group has a policy of allowing credit period of 60 days to its trade customers.

An aged analysis of trade customers is as follows:

	30.9.2007 (unaudited) HK\$'000	31.3.2007 (audited) HK\$'000
Trade receivables		
Within 60 days	3,555	4,269
61-90 days	559	102
Over 90 days	656	334
	<u>4,770</u>	<u>4,705</u>
Other receivables	5,269	5,654
	<u>10,039</u>	<u>10,359</u>

11.SHARE CAPITAL

	Number of Shares	Nominal value HK\$'000
Ordinary shares of HK\$1 each		
Authorised:		
At 31 March 2007 and 30 September 2007	<u>200,000,000</u>	<u>200,000</u>
Issued and fully paid:		
At 31 March 2007 and 30 September 2007	<u>135,000,000</u>	<u>135,000</u>

12.COMPARATIVE FIGURES

Certain comparative figures have been reclassified in order to conform with the current period's presentation. The proceeds from disposal of investments held for trading, which was previously included in revenue, and the cost of investments held for trading sold, which was previously shown in the condensed consolidated income statement as a separate line item, have been included in fair value gain on investments held for trading. In addition, the Group presents its total revenue for information only.

Corporate Information and Key Dates

DIRECTORS

Executive Directors

Mr. Lu Sin (*Chairman and
Managing Director*)
Mr. Lui Chi Lung
Mr. Oen Min Tjin

Non-executive Directors

Mr. Lu Yong Lee
Mr. Lee Ka Sze, Carmelo

Independent Non-executive Directors

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

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

REGISTERED OFFICE

19th Floor, Lu Plaza
2 Wing Yip Street
Kwun Tong
Kowloon
Hong Kong

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

REGISTRARS AND TRANSFER OFFICE

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

<http://www.safetygodown.com>

STOCK CODE

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KEY DATES

Interim Results Announcement	14 December 2007
Closure of Register of Members	2-4 January 2008 (both days inclusive)
Record Date for Interim Dividend	4 January 2008
Payment of Interim Dividend	on or about 11 January 2008