



SAFETY GODOWN COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 237)

INTERIM REPORT 2009/2010

GROUP RESULTS

The profit attributable to owners of the Company for the first half of 2009 was HK\$96,850,000, compared with the loss of HK\$9,944,000 in the same period in 2008. Earnings per share were HK72 cents (2008: loss per share HK7.4 cents). The underlying profit attributable to owners of the Company excluding the changes in fair value of investment properties and associated deferred tax grew by 71% from HK\$23,018,000 in the first half of 2008 to HK\$39,374,000 for the period under review.

DIVIDENDS

The Directors have declared an interim dividend of HK4 cents per share (2008: HK4 cents per share) for the six months ended 30 September 2009 to shareholders whose names appear in the Register of Members of the Company on Thursday, 24 December 2009. The interim dividend will be paid on or about Friday, 8 January 2010.

BUSINESS REVIEW

Having undergone severe recession as a result of the financial tsunami, it is widely acknowledged that the darkest hours of the global economy are over after a couple of major adjustments and encouraging signs of economic recovery are dawning. In view of overall performance, the Group has turned its books from red to black. This is mainly attributed by the considerable revaluation loss on investment properties in the last corresponding period, portion of which is written back in the current period, as well as moderate profit made in treasury investments this period. However, performances of property leasing and godown businesses have not been impressive.

For property leasing business, supply of office and godown/industrial spaces in non-core areas has remained high, especially with the introduction of new properties in the Kowloon East district. Pressure on the leasing is mounting.

Performance of the godown business remains weak, particularly from April to June. Godown occupancy rate dropped 30-40% in average when compared to the same period last year. Importers and exporters have been conservative over future prospects.

In general, the local market is still consolidating confidence over the global economy. The Group has been able to secure better return from treasury investments only.

OUTLOOK

Despite a stabilising global economy, domestic US economy is not without latent obscurity. Therefore future prospects of godown business may not be optimistic. Overall recovery of global economy, improvement of local and mainland import and export businesses, and improvement in US and Europe consumer markets will be the major determinants of upcoming performance of godown business.

For the property leasing business, high supply of office and industrial spaces in non-core areas is posing considerable pressure in the leasing market. It is inevitable that rental income from leasing will have to compete against other properties in the same district. Last year the Group has deferred certain budgeted capital investments as a result of the financial tsunami. These will be reassessed and re-budgeted to enable a pragmatic and practical upgrade of the investment properties in the future. The recent pledge by the Hong Kong SAR Government on the revitalization of industrial buildings in October 2009 Policy Address mainly focuses on the redevelopment or conversion of old-styled industrial buildings, preliminary study of the scheme does not gross constructive input to the investment properties of the Group. Further study will be made upon announcement of more detailed measures. The Group has prepared upon a more favourable economic environment to assume a prudent stance in upgrading the investment properties, including overhauling and renovation, change of land use or redevelopment – all of them critical steps to increase operational efficiency and investment returns.

FINANCIAL REVIEW

The total revenue of the Group for the first half of 2009 was approximately HK\$48,154,000 (2008: HK\$55,363,000), which represented a decrease of 13.02% when compared with the last corresponding period. The reasons for the decrease in revenue are analysed as follows:

Godown Operation

The godown business had been adversely affected by the global economic recession after the financial tsunami. Although the economy had been stabilised during the period, the confidence of importers and exporters remained weak, which lead to substantial reduction in demand for godown services. Revenue and profits in godown operations for the period under review fell by 33.35% and 50.63% to HK\$8,460,000 and HK\$2,499,000 respectively when compared to the same period last year. The fall in revenue cannot be compensated by cost cutting as the room for operating cost reduction is limited.

Property Investment

Although facing the keen competition from the newly erected office buildings in the Eastern Kowloon district, the gross rental income from the property investment operation for the period only reduced marginally by 3.36% when compared to the same period in 2008. Occupancy rate of the Group's major investment property, Lu Plaza, at 30 September 2009 was maintained at above 90%. The profit from property investment for the half-year period was amounted to HK\$33,554,000, which shown a mild drop of 2.68% when compared to HK\$34,479,000 in the last corresponding period.

During the period, the Group acquired investment properties in the amount of HK\$13,132,000 for rental purposes. As the property market started to recover from the financial tsunami, the Group's investment properties shown a revaluation gain of HK\$68,834,000 (2008: a revaluation loss of HK\$39,475,000). As at 30 September 2009, the carrying value of investment properties were approximately HK\$1,228,166,000 (31.3.2009: HK\$1,143,600,000).

Treasury Investment

During the period under review, the Hang Seng Index rebounded significantly to about 21,000 points on 30 September 2009. The Group recorded a profit on treasury investments segment of HK\$12,670,000 (2008: loss of HK\$15,336,000), which mainly comprised fair value gain on investments held for trading of HK\$6,710,000 (2008: fair value loss of HK\$9,026,000) and exchange gain on foreign currency deposits of HK\$5,650,000 (2008: exchange loss of HK\$8,309,000). During the six months period, the market value of the investment portfolio held for trading increased by HK\$21,149,000 to HK\$39,875,000. The Group had also recorded a fair value gain on available-for-sale investments of HK\$6,561,000 compared to a fair value loss of HK\$5,606,000 in the same period last year.

The Group's investment portfolio consists of equity securities and trust fund listed in Hong Kong.

LIQUIDITY AND FINANCIAL RESOURCES

There were no material change to the Group's capital structure as compared to the most recent published annual report. As at 30 September 2009, the equity attributable to owners of the Company amounted to HK\$1,379,218,000, representing an increase of HK\$99,442,000 or 7.77% from that of 31 March 2009. The net asset value per share as at 30 September 2009 was HK\$10.22 (31.3.2009: HK\$9.48 per share). The Group continued to maintain a strong cash position with a total bank deposits for investment purpose and bank balances amounting to HK\$221,284,000 (31.3.2009: HK\$221,653,000). The Group's total current liabilities only amounted to HK\$36,513,000 (31.3.2009: HK\$31,707,000).

The Group had no borrowings, all source of funds were generated internally. During the period, the net cash generated from operating activities amounted to HK\$19,048,000 (2008: HK\$26,388,000). The strong liquidity of the Group can be demonstrated by its high current ratio (current assets/current liabilities). As at 30 September 2009, the current ratio was maintained at 7.57 times (31.3.2009: 7.86 times).

EMPLOYEES

As at 30 September 2009, the total number of employees of the Group was 74 (2008: 77 employees). Employees' cost (including directors' emoluments) amounted to approximately HK\$10,150,000 for the period ended 30 September 2009 (2008: HK\$10,214,000).

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

Certain bank balances of the Group are denominated in foreign currencies which are different from the functional currency of the entity to which they relate, and therefore the Group is exposed to foreign currency risk. As at balance sheet date, the Group's foreign currency time deposits amounted to HK\$43,862,000 (31.3.2009: HK\$40,479,000). The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

CONTINGENT LIABILITIES

As at 30 September 2009, the Group did not have any significant contingent liabilities.

PLEDGE OF ASSETS

At 30 September 2009, the Group has pledged its investment properties and property, plant and equipment with carrying values of HK\$84,000,000 (31.3.2009: HK\$80,500,000) and HK\$4,858,000 (31.3.2009: HK\$4,953,000), respectively, to a bank to secure general banking facilities to the extent of HK\$69,000,000 (31.3.2009: HK\$69,000,000) granted to the Group. At 30 September 2009, no such facilities were utilised by the Group.

DIRECTORS' INTERESTS IN SECURITIES

At 30 September 2009, 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 Companies, 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 ¹	59,553,445 ²	66,542,945	49.29%
Mr. Lui Chi Lung	947,884	—	—	947,884	0.70%
Mr. Lu Wing Yee, Wayne	6,522,420	—	23,440 ³	6,545,860	4.85%
Mr. Lam Ming Leung	10,000	—	—	10,000	—

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 63.27% held by Lusin and Company Limited which in turn was 70% controlled by Mr. Lu Sin;
 - 2,000,000 shares held through Lusin and Company Limited which was 70% controlled by Mr. Lu Sin; and
 - 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.
- 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 2009.

SUBSTANTIAL SHAREHOLDERS

At 30 September 2009, 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 ¹	36.45%
Lusin and Company Limited	2,000,000	47,203,445 ¹	36.45%
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%

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 2009.

CLOSURE OF MEMBERS REGISTER

The Register of Members of the Company will be closed from Tuesday 22 December 2009 to Thursday 24 December 2009, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the proposed interim 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 21 December 2009.

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 2009 (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 20 November 2009 and reviewed with the management the unaudited Financial Statements and expressed no disagreement with the accounting policies and standards adopted by the Group.

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 2009 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 one-third of the Board members are represented by Independent Non-executive Directors throughout the period. 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.

All the Directors (including Non-executive Directors) are subject to retirement by rotation once every three years in accordance with the Company's Articles of Association. In view of the requirement on Director's retirement by rotation under the Articles of Association of the Company, the Directors do not consider appointment of Independent Non-executive Directors for specific terms necessary.

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 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 2009.

By Order of the Board
Lu Sin
Chairman

Hong Kong, 27 November 2009

**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 5 to 9, which comprises the condensed consolidated statement of financial position of Safety Godown Company, Limited and its subsidiaries as of 30 September 2009 and the related condensed consolidated statement of 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 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 enquiries, 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, 27 November 2009

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2009

	Notes	Six months ended	
		30.9.2009 (unaudited) HK\$'000	30.9.2008 (unaudited) HK\$'000
Turnover	3	48,154	55,363
Income from godown operations		8,460	12,693
Income from property investment		39,189	40,552
Fair value gain (loss) on investments held for trading		6,710	(9,026)
Interest income		34	1,372
Dividend income		471	746
Other income		6,793	436
Increase (decrease) in fair value of investment properties		68,834	(39,475)
Staff costs		(10,150)	(10,214)
Depreciation of property, plant and equipment		(953)	(926)
Release of prepaid lease payments		(113)	(113)
Other expenses		(4,374)	(14,054)
Profit (loss) before taxation	4	114,901	(18,009)
Taxation	5	(18,051)	8,065
Profit (loss) for the period attributable to owners of the Company		96,850	(9,944)
Other comprehensive income (expense)			
Fair value gain (loss) on available-for-sale investments		6,561	(5,606)
Revaluation surplus on transfer of owner-occupied property to investment properties		1,714	–
Deferred tax on revaluation surplus on transfer of owner-occupied property to investment properties		(283)	–
Effect on change in tax rate in respect of deferred tax on revaluation surplus		–	745
Other comprehensive income (expense) for the period (net of tax)		7,992	(4,861)
Total comprehensive income (expense) for the period attributable to owners of the Company		104,842	(14,805)
Earnings (loss) per share – Basic	7	HK72 cents	(HK7.4 cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2009

	Notes	30.9.2009 (unaudited) HK\$'000	31.3.2009 (audited) HK\$'000
Non-current assets			
Investment properties	8	1,228,166	1,143,600
Property, plant and equipment	9	7,545	8,499
Prepaid lease payments		10,377	10,490
Available-for-sale investments		21,340	14,779
		1,267,428	1,177,368
Current assets			
Prepaid lease payments		227	227
Investments held for trading		39,875	18,726
Trade and other receivables	10	15,184	8,326
Tax recoverable		–	338
Bank deposits for investment purpose		144,193	184,792
Bank balances and cash		77,091	36,861
		276,570	249,270
Current liabilities			
Other payables		30,188	30,310
Tax payable		6,325	1,397
		36,513	31,707
Net current assets		240,057	217,563
		1,507,485	1,394,931
Capital and reserves			
Share capital	11	135,000	135,000
Reserves		1,244,218	1,144,776
		1,379,218	1,279,776
Non-current liabilities			
Deferred tax liabilities		125,925	112,857
Provision for long service payments		2,342	2,298
		128,267	115,155
		1,507,485	1,394,931

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2009

	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 2008 (audited)	135,000	43,216	10,650	61,442	1,231,969	1,482,277
Loss for the period	–	–	–	–	(9,944)	(9,944)
Fair value loss on available-for-sale investments	–	–	(5,606)	–	–	(5,606)
Effect on change in tax rate in respect of deferred tax on revaluation surplus	–	–	–	745	–	745
Total comprehensive (expense) income for the period	–	–	(5,606)	745	(9,944)	(14,805)
Dividends paid (note 6)	–	–	–	–	(20,250)	(20,250)
At 30 September 2008 (unaudited)	<u>135,000</u>	<u>43,216</u>	<u>5,044</u>	<u>62,187</u>	<u>1,201,775</u>	<u>1,447,222</u>
At 1 April 2009 (audited)	135,000	43,216	–	62,187	1,039,373	1,279,776
Profit for the period	–	–	–	–	96,850	96,850
Fair value gain on available-for-sale investments	–	–	6,561	–	–	6,561
Revaluation surplus on transfer of owner-occupied property to investment properties	–	–	–	1,714	–	1,714
Deferred tax on revaluation surplus on transfer of owner-occupied property to investment properties	–	–	–	(283)	–	(283)
Total comprehensive income for the period	–	–	6,561	1,431	96,850	104,842
Dividends declared (note 6)	–	–	–	–	(5,400)	(5,400)
At 30 September 2009 (unaudited)	<u>135,000</u>	<u>43,216</u>	<u>6,561</u>	<u>63,618</u>	<u>1,130,823</u>	<u>1,379,218</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2009

	Six months ended	
	30.9.2009 (unaudited) HK\$'000	30.9.2008 (unaudited) HK\$'000
Profit (loss) before taxation	114,901	(18,009)
Adjustments for:		
Fair value (gain) loss on investments held for trading	(4,240)	3,970
(Increase) decrease in fair value of investment properties	(68,834)	39,475
Depreciation and others	1,270	1,183
Operating cash flows before movements in working capital	43,097	26,619
Increase in investments held for trading	(16,909)	–
Other movements in working capital	(7,140)	(231)
Net cash from operating activities	<u>19,048</u>	<u>26,388</u>
Investing activities		
Additions of investment properties	(13,132)	(35,475)
Decrease in bank deposits for investment purpose	40,599	37,754
Purchase of property, plant and equipment	(885)	(188)
Net cash from investing activities	<u>26,582</u>	<u>2,091</u>
Cash used in financing activity		
Dividends paid	(5,400)	(20,250)
Net increase in cash and cash equivalents	<u>40,230</u>	<u>8,229</u>
Cash and cash equivalents at beginning of the period	<u>36,861</u>	<u>28,559</u>
Cash and cash equivalents at end of the period, represented by bank balances and cash	<u>77,091</u>	<u>36,788</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2009

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, 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 2009.

In the current interim period, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers

Except as described below, the adoption of these new HKFRSs had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 1 (Revised 2007) “Presentation of Financial Statements”

The revised standard has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, the revised standard has had no impact on the reported results or financial position of the Group.

The Group has not early adopted the following new or revised standards, amendments and interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 ²
HKAS 24 (Revised)	Related Party Disclosures (Revised 2009) ⁵
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements ¹
HKAS 32 (Amendment)	Classification of Rights Issues ³
HKAS 39 (Amendment)	Eligible Hedged Items ¹
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters ⁴
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ⁴
HKFRS 3 (Revised 2008)	Business Combinations ¹
HKFRS 9	Financial Instruments ⁶
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners ¹

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

² Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate

³ Effective for annual periods beginning on or after 1 February 2010

⁴ Effective for annual periods beginning on or after 1 January 2010

⁵ Effective for annual periods beginning on or after 1 January 2011

⁶ Effective for annual periods beginning on or after 1 January 2013

The adoption of HKFRS 3 (Revised 2008) may affect the Group’s accounting for business combination for which the acquisition date is on or after 1 April 2010. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in a parent’s ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new or revised standards, amendments or interpretations will not have a material impact on the condensed consolidated financial statements of the Group.

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 “Operating Segments” during the period. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the segment and to assess its performance. The chief operating decision-maker has been identified as the board of directors that makes strategic decisions about resources allocation and performance assessment. In contrast, the predecessor standard HKAS 14 “Segment Reporting” required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity’s “system of internal financial reporting to key management personnel” serving only as the starting point for the identification of such segments. However, following the adoption of HKFRS 8, the identification of the Group’s reportable segments has not changed.

For management purposes, the Group is currently organised into three operating divisions – godown operations, property investment and treasury investment. The principal activities 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 operating segment for the period under review:

For the six months ended 30 September 2009

	Godown operations <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Turnover					
External revenue	8,460	39,189	505	–	48,154
Inter-segment revenue	–	2,441	–	(2,441)	–
Total	<u>8,460</u>	<u>41,630</u>	<u>505</u>	<u>(2,441)</u>	<u>48,154</u>
Inter-segment revenue is charged based on market/concessionary rates					
Segment result	<u>2,499</u>	<u>33,554</u>	<u>12,670</u>	<u>–</u>	48,723
Increase in fair value of investment properties					68,834
Central administrative costs					<u>(2,656)</u>
Profit before taxation					<u>114,901</u>

For the six months ended 30 September 2008

	Godown operations <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Turnover					
External revenue	12,693	40,552	2,118	–	55,363
Inter-segment revenue	–	2,838	–	(2,838)	–
Total	<u>12,693</u>	<u>43,390</u>	<u>2,118</u>	<u>(2,838)</u>	<u>55,363</u>
Inter-segment revenue is charged based on market/concessionary rates					
Segment result	<u>5,062</u>	<u>34,479</u>	<u>(15,336)</u>	<u>–</u>	24,205
Decrease in fair value of investment properties					(39,475)
Central administrative costs					<u>(2,739)</u>
Loss before taxation					<u>(18,009)</u>

Segment profit represents the profit earned by each segment without allocation of changes in fair value of investment properties and central administrative costs. This is the measure reported to the chief operating decision-maker for the purposes of resource allocation and performance assessment.

4. PROFIT (LOSS) BEFORE TAXATION

Profit (loss) before taxation has been arrived at after (crediting) charging:

	Six months ended	
	30.9.2009 <i>(unaudited)</i> <i>HK\$'000</i>	30.9.2008 <i>(unaudited)</i> <i>HK\$'000</i>
Exchange (gain) loss, net	<u>(5,650)</u>	<u>8,309</u>

5. TAXATION

	Six months ended	
	30.9.2009 <i>(unaudited)</i> <i>HK\$'000</i>	30.9.2008 <i>(unaudited)</i> <i>HK\$'000</i>
The charge (credit) comprises:		
Hong Kong Profits Tax:		
Current period	5,266	4,707
Deferred taxation		
Attributable to a change in tax rate	–	(8,475)
Current period	12,785	(4,297)
	<u>12,785</u>	<u>(12,772)</u>
	<u>18,051</u>	<u>(8,065)</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit (loss) for the current and prior periods.

6. DIVIDENDS

	Six months ended	
	30.9.2009 (unaudited) HK\$'000	30.9.2008 (unaudited) HK\$'000
Dividends paid:		
Final dividend paid in respect of the year ended 31 March 2009 of HK4 cents (2008: for year ended 31 March 2008 of HK7 cents) per ordinary share	5,400	9,450
Special dividend paid in respect of the year ended 31 March 2008 of HK8 cents per ordinary share	–	10,800
	<u>5,400</u>	<u>20,250</u>
Dividends proposed:		
Interim dividend – HK4 cents (six months ended 30.9.2008: HK4 cents) per ordinary share	<u>5,400</u>	<u>5,400</u>

Subsequent to the balance sheet date, the directors have proposed that an interim dividend of HK4 cents per share (six months ended 30.9.2008: HK4 cents) be paid to the shareholders of the Company, whose names appear in the register of members on 24 December 2009. The interim dividend will be paid on or about 8 January 2010.

7. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per share is based on the profit (loss) for the period attributable to owners of the Company of HK\$96,850,000 (six months ended 30.9.2008: loss of HK\$9,944,000) and on 135,000,000 shares (six months ended 30.9.2008: 135,000,000 shares) in issue throughout the period.

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

8. INVESTMENT PROPERTIES

During the period, the Group acquired for cash consideration investment properties for HK\$13,132,000 (six months ended 30.9.2008: HK\$35,475,000).

In addition, during the period, certain owner-occupied properties were transferred to investment properties because the Group has changed the intention of their use and rented out the properties to earn rentals and/or for capital appreciation. Accordingly, the carrying amounts of the relevant owner-occupied properties have been transferred from property, plant and equipment to investment properties. The difference between the carrying amounts and the fair value of those owner-occupied properties at the date of transfer of HK\$1,714,000 is recognised in property revaluation reserve.

The Group's major investment properties were revalued at 30 September 2009 by Messrs. Jones Lang LaSalle Limited and A A Property Services Limited, independent Chartered Surveyors by reference to net rental income allowing for reversionary income potential. 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 resulting increase in fair value of investment properties of HK\$68,834,000 (six months ended 30.9.2008: decrease of HK\$39,475,000) has been recognised directly in the condensed consolidated statement of comprehensive income for the current period.

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired additional property, plant and equipment for HK\$885,000 (six months ended 30.9.2008: HK\$188,000).

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. Usually, the Group issues billing in advance to its customers in respect of the property investment business.

An analysis of trade receivables by age, presented based on the invoice date, is as follows:

	30.9.2009 (unaudited) HK\$'000	31.3.2009 (audited) HK\$'000
Trade receivables		
Within 60 days	2,471	2,873
61 – 90 days	405	149
Over 90 days	5	36
	<u>2,881</u>	<u>3,058</u>
Other receivables	9,886	3,501
Prepayments and deposits	2,417	1,767
	<u>15,184</u>	<u>8,326</u>

11. SHARE CAPITAL

	Number of Shares	Nominal value HK\$'000
Ordinary shares of HK\$1 each		
Authorised:		
At 31 March 2009 and 30 September 2009	<u>200,000,000</u>	<u>200,000</u>
Issued and fully paid:		
At 31 March 2009 and 30 September 2009	<u>135,000,000</u>	<u>135,000</u>

12. RELATED PARTY TRANSACTIONS

The emoluments of directors and other members of key management during the period was HK\$2,700,500 (six months ended 30.9.2008: HK\$2,313,500).

CORPORATE INFORMATION AND KEY DATES

DIRECTORS

Executive Directors

Mr. Lu Sin (*Chairman and Managing Director*)
Mr. Lui Chi Lung
Mr. Lu Wing Yee, Wayne
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

COMPANY SECRETARY

Mr. Wong Leung Wai

REGISTERED OFFICE

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

WEBSITE

<http://www.safetygodown.com>

STOCK CODE

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KEY DATES

Interim Results Announcement	27 November 2009
Closure of Register of Members	22-24 December 2009 (both days inclusive)
Record Date for Interim Dividend	24 December 2009
Payment of Interim Dividend	on or about 8 January 2010

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

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

REGISTRARS AND TRANSFER OFFICE

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