

安全貨倉有限公司

SAFETY GODOWN COMPANY, LIMITED

(Stock code : 237)

LU
PLAZA



INTERIM REPORT 2024/25



CORPORATE RESULTS

For the six months ended 30 September 2024 (the “Period”), Safety Godown Company, Limited (the “Company”, together with its subsidiaries, collectively referred to as the “Group”) achieved a turnaround in profits and recorded profit attributable to owners of the Company of HK\$184,000 (corresponding period in 2023: loss of HK\$51,740,000). Total revenue increased by HK\$4,545,000 from HK\$88,864,000 to HK\$93,409,000. Loss per share of HK12.78 cents recorded for the corresponding period last year improved to earnings per share of HK0.05 cents for the Period.

The Group’s core earnings after taxation (non-Hong Kong Financial Reporting Standard financial measure) excluding fair value loss on investment properties increased from HK\$38,960,000 for the corresponding period in 2023 to HK\$73,884,000 for the Period.

The Group recorded a profit before taxation and a net profit after taxation of HK\$7,351,000 (corresponding period in 2023: loss of HK\$44,397,000) and HK\$184,000 (corresponding period in 2023: loss of HK\$51,740,000) respectively.

INTERIM DIVIDEND

The board of directors of the Company (the “Board”) declared an interim dividend of HK3 cents per share for the Period (corresponding period in 2023: HK2.5 cents per share), payable to the shareholders of the Company whose names appear on the register of members on 20 December 2024. The interim dividend will be paid on 15 January 2025.

BUSINESS REVIEW

Godown Operations Segment

During the Period, the results of the Group’s godown operations segment were weaker than expected and the corresponding period in 2023. Total revenue further dropped to HK\$7,789,000, representing a decrease of HK\$1,211,000 or 13.5% compared with HK\$9,000,000 in the corresponding period of last year. Local private consumption was lackluster, while local consumption was further impacted by the increase in outbound tourists. As a result of these and other factors, market players in Hong Kong remained cautious and adopted a wait-and-see attitude. According to data from the Census and Statistics Department, the value of total retail sales in the first eight months of 2024 fell by an average of approximately 7.7% compared with the corresponding period of last year. The Group’s customers also adopted a prudent warehousing strategy, resulting in weaker results than expected and the corresponding period of last year. The total storage volume fell to approximately 9,000 cubic meters at the end of September, the lowest level since the outbreak of COVID-19 in 2020.

BUSINESS REVIEW (continued)

Property Investment Segment

For the rental business, Lu Plaza was still affected by the increasing office supply in East Kowloon, with its rentals and occupancy rates under sustained pressure. In addition, the Kwun Tong Ferry Pier was undergoing improvement works (expected to be completed by mid-2025), which affected the attraction for new tenants during the period. Thanks to the increase in leased floor area of the Safety Godown premises located in Kwai Chung during the previous year, the Group managed to maintain its overall rental income at HK\$55,777,000 during the Period (corresponding period in 2023: HK\$55,976,000).

Treasury Investment Segment

As the Group adopted a cautious strategy in the past, the segment recorded a net profit of HK\$51,184,000 (corresponding period in 2023: HK\$16,094,000). Most of its current assets were deposited in reliable and well-rated financial institutions in the form of time deposits. During the Period, interest income from banks and bond interest income amounted to HK\$24,063,000, with dividend income amounting to HK\$5,780,000. In addition, the investment portfolio recorded a net fair value gain of HK\$21,625,000 during the Period, a significant improvement compared with a fair value loss of HK\$6,079,000 for the corresponding period of last year. As a result, the performance of the treasury investment segment was moderately satisfactory.

OUTLOOK

Sluggish local consumption has led to the prudent warehousing strategy adopted by logistics customers, which has a significant impact on the existing godown business. Given the lack of a significant recovery in the retail market, the outlook for the godown business remains pessimistic.

The local rental market, whether for office or industrial warehouse properties, is under pressure due to the economic slowdown and oversupply. Breakthroughs in the occupancy rates and rentals of Lu Plaza are not likely until the completion of the Kwun Tong Ferry Pier project and with future improvements in the commercial property market and economic environment.

INVESTMENT PLAN

Since the start of rate hikes, there have been certain adjustments in the Hong Kong real estate market, and the transaction prices of certain properties have significantly decreased compared to those prior to the peak in 2020. Since the beginning of the year, the Group has been exploring several investment opportunities, including engaging professional consulting firms for development research. Should there be an important plan which is finalized and constitutes a discloseable transaction, the Group will make an announcement in accordance with the relevant regulations.

While adhering to its prudent financial management approach, the Group will keep an eye on investment opportunities and hopes to bring better returns to shareholders in the next upward economic cycle.

FINANCIAL REVIEW

Condensed consolidated statement of profit or loss and other comprehensive income

During the Period, the Company's total revenue reached HK\$93,409,000, including income from godown operations segment of HK\$7,789,000, property investment segment of HK\$55,777,000 and treasury investment segment of HK\$29,843,000 (interest income of HK\$24,063,000 and dividend income of HK\$5,780,000). Compared to the previous corresponding period, the godown operations segment declined by approximately 13.5%, the property investment segment remained stable, and the treasury investment segment recorded an increase of approximately 24.9%.

During the Period, the Group recorded a fair value loss on investment properties of HK\$73,700,000 (six months ended 30 September 2023: loss of HK\$90,700,000) which was reflected in the condensed consolidated statement of profit or loss and other comprehensive income.

Staff costs dropped by approximately 10.2% to HK\$9,806,000 (six months ended 30 September 2023: HK\$10,923,000), which was mainly due to a decrease in bonuses.

Depreciation of property, plant and equipment decreased by approximately 4.7% to HK\$11,502,000 (six months ended 30 September 2023: HK\$12,071,000).

Other expenses remained stable at HK\$12,816,000 (six months ended 30 September 2023: HK\$12,876,000).

Condensed consolidated statement of financial position

The Company's net asset value was recorded at HK\$3,861,663,000, mainly comprising HK\$2,738,700,000 in investment properties, HK\$170,777,000 in property, plant and equipment (mainly the Group's self-occupied godown building situated at Kwai Chung), HK\$229,210,000 in financial assets at fair value through profit or loss ("FVTPL") and other current assets, including bank balances and cash together with bank and other deposits.

The carrying amount of the investment properties decreased due to a downward adjustment in their fair values, based on the valuations carried out by an independent professional valuer on an open market basis as at 30 September 2024.

Financial assets at FVTPL increased by approximately 30.5% to HK\$229,210,000 mainly due to an increase in the investments in bonds and Hong Kong stocks, as well as the fair value of overall investments. Total bank balances and cash, bank deposits and other deposits remained relatively stable at HK\$857,963,000 (31 March 2024: HK\$865,397,000).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2024, the Group had bank and other deposits, and cash and bank balances totalling HK\$857,963,000 (31 March 2024: HK\$865,397,000) and the total current liabilities amounted to HK\$59,404,000 (31 March 2024: HK\$61,906,000). The current ratio stood at approximately 18.81 times (31 March 2024: 17.12 times) and the Group had no bank borrowings.

The Group's net assets were maintained at HK\$3,861,663,000 (31 March 2024: HK\$3,879,704,000), with the net asset value per share remaining relatively constant at HK\$9.53 (31 March 2024: HK\$9.58).

EMPLOYEES

As at 30 September 2024, the Group had a total of 35 (31 March 2024: 38) employees. Remuneration is determined based on qualifications, experience, responsibilities and performance. During the Period, staff costs (including Directors' emoluments) decreased by approximately 10.2% to HK\$9,806,000 (six months ended 30 September 2023: HK\$10,923,000), mainly due to a reduction in bonuses.

The Group's remuneration policies shall be reviewed periodically on the basis of the nature of job, market trend, company performance and individual performance. The Group also offers suitable trainings to staff and provides bonuses based on the staff performance and results of the Group. The Group does not have any share scheme for employees.

EXPOSURE TO FOREIGN EXCHANGE

The Group's foreign currency exposure principally related to its investment securities and deposits in US dollar. Since Hong Kong dollar is pegged to US dollar, the management is of the opinion that the foreign exchange risk of financial instruments denominated in US dollar is insignificant. During the Period, the Group did not have any exchange gains or losses (six months ended 30 September 2023: loss of HK\$670,000).

CONTINGENT LIABILITIES

As at 30 September 2024, the Group did not have any significant contingent liabilities (31 March 2024: nil).

PLEDGE OF ASSETS

As at 30 September 2024, the Group did not have any pledge of assets (31 March 2024: nil).

DIRECTORS' INTERESTS IN SECURITIES

As at 30 September 2024, the interests of the directors of the Company (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 (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”), were as follows:

Name of directors	Personal interests	Number of issued ordinary shares of the Company held (long position)			Total interests	Approximately percentage of issued shares of the Company ²
		Family interests	Corporate interests	Other interests		
Mr. Lu Wing Yee, Wayne	28,301,580	–	–	13,200,000 ¹	41,501,580	10.25%
Ms. Lu Wing Man, Melissa	19,447,500	–	–	–	19,447,500	4.802%
Mr. Lam Ming Leung	30,000	–	–	–	30,000	0.0074%
Mr. Wong Wilkie	120,000	–	–	–	120,000	0.0296%

Notes:

1. Mr. Lu Wing Yee, Wayne was deemed to be interested jointly with Ms. Chan Koon Fung in these 13,200,000 shares as he was one of the executors of the estate of Mr. Lu Sin (deceased).
2. Based on 405,000,000 shares in issue as at 30 September 2024.

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 as at 30 September 2024.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 September 2024, according to the record in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO, 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 shares of the Company:

Name of substantial shareholders	Capacity	Number of issued ordinary shares held (Long Position)		Approximately percentage of issued shares of the Company ⁴
		Direct interest	Indirect interest	
Kian Nan Financial Limited	Beneficial interest	147,610,335	–	36.45%
Earngold Limited	Beneficial interest	31,050,000	–	7.67%
Lusin And Company Limited	Beneficial interest	22,012,983 ³	–	5.44%
Chelton Trading Limited	Interest of controlled corporation	–	31,050,000 ¹	7.67%
Gladiator Investments Co.	Interest of controlled corporation	–	31,050,000 ¹	7.67%
Ms. Chan Koon Fung	Beneficial owner/Interest of controlled corporation/Trustee	8,968,500	213,873,318 ²	55.02%

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES (continued)

Notes:

1. The shares were held by Earngold Limited. Each of Chelton Trading Limited and Gladiator Investments Co. owned as to 50% of Earngold Limited and, therefore, they were taken to be interested in 31,050,000 shares held by Earngold Limited.
2. Among these 213,873,318 shares, (a) Ms. Chan Koon Fung was taken to be interested in 31,050,000 shares through Earngold Limited which was held by Chelton Trading Limited (directly owned 50%) and Gladiator Investments Co. (directly owned 50%), in both of which Ms. Chan directly owned 50%; (b) she was taken to be interested in 147,610,335 shares which were held by Kian Nan Financial Limited, in which Ms. Chan owned 38.98%; (c) she was taken to be interested in 22,012,983 shares which were held by Lusin And Company Limited, in which Ms. Chan owned 38.75%; and (d) she was taken to be interested jointly with Mr. Lu Wing Yee, Wayne in 13,200,000 shares as she was one of the executors of the estate of Mr. Lu Sin (deceased).
3. As per the disclosure of interests notification filed by Ms. Chan Koon Fung on 5 July 2024, Lusin And Company Limited directly interested in these 22,012,983 shares.
4. Based on 405,000,000 shares in issue as at 30 September 2024.

Other than as disclosed above, at 30 September 2024, 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 shares of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 18 December 2024 to Friday, 20 December 2024, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the interim dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrars, Tricor Standard Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 17 December 2024.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the Period.

REVIEW OF RESULTS

The Group's unaudited condensed consolidated financial statements for the Period 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 9 of this interim report. The Audit Committee has reviewed with the management and DTT the Company's unaudited consolidated financial statements and interim report for the Period, including the accounting policies and practices adopted by the Group.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving and maintaining high standards of corporate governance practices for the purpose of providing a framework and solid foundation for its business operations and developments. Effective corporate governance provides integrity, transparency and accountability which contributes to the corporate success and enhancement of shareholder value.

The Company has complied with all the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) throughout the Period except for the following deviations from code provisions C.2.1 to C.2.9, C.3.3, C.6.3 and F.2.2.

CG Code Provisions C.2.1 to C.2.9 stipulate that (i) the roles of chairman of the board and chief executive should be separate and should not be performed by the same individual and (ii) the division of responsibilities between the chairman of the board and the chief executive should be clearly established.

Since 5 April 2015, the position of the Chairman of the Board and the Chief Executive Officer of the Company have been vacant and have not been filled up as at the date of this report. The Board has kept review of its current structure from time to time. If any candidate with suitable skills and experiences is identified within or outside the Group, the Company will make necessary appointment to fill these positions in due course. Currently, the Board collectively performs the responsibilities of the Chairman, and with the assistance of the senior management, the Executive Directors continue to monitor the businesses and operations of the Group.

CG Code Provision C.3.3 stipulates that issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. But the Company did not have formal letters of appointment for Directors. However, the Directors shall be subject to retirement by rotation and being eligible for re-election pursuant to the Articles of Association of the Company (the “Articles”). Moreover, the Directors are required to comply with the requirements under statute and common law, the Listing Rules, the Companies Ordinance, legal and other regulatory requirements, if applicable.

CG Code Provision C.6.3 stipulates that the company secretary should report to the board chairman and/or the chief executive. As the positions of the Chairman of the Board and the Chief Executive Officer have been vacant, the Company Secretary reports to the Executive Directors of the Company.

CG Code Provision F.2.2 stipulates that the chairman of the board should attend the annual general meeting. Since 5 April 2015, the position of the Chairman of the Board has been vacant, Ms. Lu Wing Man, Melissa, the Executive Director, was elected and acted as the chairman of the annual general meeting of the Company held on 19 August 2024 in accordance with the Articles.

The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as the Company's code of conduct governing dealings by all Directors in the securities 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 Period.

CHANGES IN DIRECTORS' AND CHIEF EXECUTIVES' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, change of information of the directors is set out as below:

Mr. Lee Ka Sze, Carmelo ceased to be a member of the chairmen pool of the Listing Review Committee of the Stock Exchange with effective from 4 July 2024.

Lu Wing Yee, Wayne
Executive Director

Hong Kong
28 November 2024

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

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 10 to 23, which comprise the condensed consolidated statement of financial position as of 30 September 2024 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
28 November 2024

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	Notes	Six months ended 30 September	
		2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
Revenue	3	<u>93,409</u>	<u>88,864</u>
Income from godown operations		7,789	9,000
Income from property investment		55,777	55,976
Interest income		24,063	21,194
Dividend income		5,780	2,694
Other gains and losses		21,766	(6,021)
Exchange loss, net		–	(670)
Decrease in fair value of investment properties		(73,700)	(90,700)
Staff costs		(9,806)	(10,923)
Depreciation of property, plant and equipment		(11,502)	(12,071)
Other expenses		<u>(12,816)</u>	<u>(12,876)</u>
Profit (loss) before taxation	5	7,351	(44,397)
Taxation	6	<u>(7,167)</u>	<u>(7,343)</u>
Profit (loss) for the period attributable to owners of the Company		184	(51,740)
Other comprehensive income for the period			
Item that will not be reclassified to profit or loss:			
Revaluation surplus on transfer of owned properties to investment properties		<u>–</u>	<u>123,555</u>
Total comprehensive income for the period attributable to owners of the Company		<u>184</u>	<u>71,815</u>
Earnings (loss) per share – Basic (HK cents)	8	<u>0.05</u>	<u>(12.78)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2024

	<i>Notes</i>	30 September 2024 (unaudited) <i>HK\$'000</i>	31 March 2024 (audited) <i>HK\$'000</i>
Non-current assets			
Investment properties	9	2,738,700	2,812,400
Property, plant and equipment	10	170,777	173,419
		2,909,477	2,985,819
Current assets			
Financial assets at fair value through profit or loss ("FVTPL")		229,210	175,577
Trade and other receivables	11	30,459	19,130
Bank deposits		835,138	844,926
Other deposits		9,605	2,190
Bank balances and cash		13,220	18,281
		1,117,632	1,060,104
Current liabilities			
Other payables		34,592	41,617
Tax payable		24,812	20,289
		59,404	61,906
Net current assets		1,058,228	998,198
		3,967,705	3,984,017
Capital and reserves			
Share capital	12	178,216	178,216
Reserves		3,683,447	3,701,488
Equity attributable to owners of the Company		3,861,663	3,879,704
Non-current liabilities			
Long-term tenants' deposits received		16,630	15,319
Deferred tax liabilities		88,300	87,667
Provision for long service payments		1,112	1,327
		106,042	104,313
		3,967,705	3,984,017

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	Share capital <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 2023 (audited)	178,216	568,333	3,154,524	3,901,073
Loss for the period	–	–	(51,740)	(51,740)
Revaluation surplus on transfer of owned properties to investment properties	–	123,555	–	123,555
Total comprehensive income (expense) for the period	–	123,555	(51,740)	71,815
Dividends appropriation (<i>note 7</i>)	–	–	(12,150)	(12,150)
At 30 September 2023 (unaudited)	<u>178,216</u>	<u>691,888</u>	<u>3,090,634</u>	<u>3,960,738</u>
At 1 April 2024 (audited)	178,216	691,888	3,009,600	3,879,704
Profit and total comprehensive income for the period	–	–	184	184
Dividends appropriation (<i>note 7</i>)	–	–	(18,225)	(18,225)
At 30 September 2024 (unaudited)	<u>178,216</u>	<u>691,888</u>	<u>2,991,559</u>	<u>3,861,663</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	Six months ended 30 September	
	2024	2023
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating activities		
Profit (loss) before taxation	7,351	(44,397)
Adjustments for:		
Unrealised (gain) loss on financial assets at FVTPL	(23,389)	6,109
Decrease in fair value of investment properties	73,700	90,700
Depreciation of property, plant and equipment	11,502	12,071
(Reversal) addition of provision for long service payment	(215)	225
Loss on written off of property, plant and equipment	8	2
	<hr/>	<hr/>
Operating cash flows before movements in working capital	68,957	64,710
Increase in financial assets at FVTPL	(30,244)	(703)
Other movements in working capital	(16,841)	1,104
	<hr/>	<hr/>
Cash generated from operations	21,872	65,111
Income tax paid	(2,011)	(1,743)
	<hr/>	<hr/>
Net cash from operating activities	19,861	63,368
	<hr/>	<hr/>
Investing activities		
Withdrawal of bank deposits	1,536,254	2,272,724
Placement of bank deposits	(1,526,466)	(2,404,656)
Withdrawal of other deposits	31,285	15,606
Placement of other deposits	(38,700)	(6,266)
Purchase of property, plant and equipment	(8,868)	(7,786)
	<hr/>	<hr/>
Net cash used in investing activities	(6,495)	(130,378)
	<hr/>	<hr/>
Cash used in a financing activity		
Dividends paid	(18,427)	(12,060)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(5,061)	(79,070)
	<hr/>	<hr/>
Cash and cash equivalents at beginning of the period	18,281	99,306
	<hr/>	<hr/>
Cash and cash equivalents at end of the period, represented by bank balances and cash	13,220	20,236
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the year ended 31 March 2024 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the financial statements for the year ended 31 March 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain investment properties and financial instruments, which are measured at fair values.

Other than additional accounting policy resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies applied and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 March 2024.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Income from godown operations (<i>note a</i>)	7,789	9,000
Income from property investment	55,777	55,976
Dividend income from listed and unlisted investments	5,780	2,694
Bank interest income	22,579	20,419
Other interest income	1,484	775
	<u>93,409</u>	<u>88,864</u>

Note:

- (a) Disaggregation of the Group's revenue from contracts with customers and geographical market

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Income from godown operations		
Types of goods or services		
(time of revenue recognition):		
Inward and outward coolie income (recognised at a point in time)	518	521
Transportation income and other income (recognised at a point in time)	703	755
Storage service income (recognised over time)	6,568	7,724
	<u>7,789</u>	<u>9,000</u>
Geographical market:		
Hong Kong	<u>7,789</u>	<u>9,000</u>

For contracts entered into with customers on inward and outward coolie income and transportation and other income, the relevant services specified in the contracts are based on customer's specifications with no alternative use and the Group does not have an enforceable right to payment prior to the completion of relevant services to customers. Revenue from inward and outward coolie income and transportation and other income are therefore recognised at a point in time when the physical possession of the asset is transferred, being at the point that the services are completed and the Group has the present right to payment and collection of the consideration is probable.

Revenue from storage service income is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation, as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. The Group bills a fixed amount for each day of service provided. The Group elected to apply the practical expedient by recognising revenue in the amount to which the Group has the right to invoice. As permitted under HKFRS 15 "Revenue from Contracts with Customers", the transaction price allocated to these unsatisfied contracts is not disclosed.

4. SEGMENT INFORMATION

The Group's operating and reportable segments, based on information reported to the chief operating decision makers, being the executive directors of the Company, for the purposes of resource allocation and performance assessment of each operating segment are as follows:

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

Segment information about these operating and reportable segments is presented below:

For the six months ended 30 September 2024

	Godown operations <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue				
Segment revenue	<u>7,789</u>	<u>55,777</u>	<u>29,843</u>	<u>93,409</u>
Segment (loss) profit	<u>(457)</u>	<u>(39,589)</u>	<u>51,184</u>	11,138
Central administrative costs				<u>(3,787)</u>
Profit before taxation				<u>7,351</u>

As at 30 September 2024

	Godown operations <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Assets				
Segment assets	151,262	2,776,817	1,084,940	4,013,019
Bank balances and cash				13,220
Unallocated other assets				<u>870</u>
Consolidated total assets				<u>4,027,109</u>
Liabilities				
Segment liabilities	2,191	39,785	112	42,088
Tax payable				24,812
Deferred tax liabilities				88,300
Unallocated other liabilities				<u>10,246</u>
Consolidated total liabilities				<u>165,446</u>

4. SEGMENT INFORMATION (continued)

For the six months ended 30 September 2023

	Godown operations <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue				
Segment revenue	<u>9,000</u>	<u>55,976</u>	<u>23,888</u>	<u>88,864</u>
Segment (loss) profit	<u>(2,411)</u>	<u>(53,435)</u>	<u>16,094</u>	(39,752)
Central administrative costs				<u>(4,645)</u>
Loss before taxation				<u>(44,397)</u>

As at 31 March 2024

	Godown operations <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Assets				
Segment assets	152,349	2,847,607	1,026,884	4,026,840
Bank balances and cash				18,281
Unallocated other assets				<u>802</u>
Consolidated total assets				<u>4,045,923</u>
Liabilities				
Segment liabilities	2,541	43,338	2,060	47,939
Tax payable				20,289
Deferred tax liabilities				87,667
Unallocated other liabilities				<u>10,324</u>
Consolidated total liabilities				<u>166,219</u>

Segment profit/loss represents the profit earned/loss incurred by each segment without allocation of central administrative costs, which include directors' emoluments, 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 makers for the purposes of resources allocation and performance assessment.

5. PROFIT (LOSS) BEFORE TAXATION

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Profit (loss) before taxation has been arrived at after charging (crediting):		
Exchange loss net	–	670
Fair value (gain) loss on financial assets at FVTPL (<i>note</i>)	<u>(21,625)</u>	<u>6,079</u>

Note: Amount included in other gains and losses.

6. TAXATION

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax	6,534	6,456
Deferred taxation	<u>633</u>	<u>887</u>
	<u>7,167</u>	<u>7,343</u>

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

7. DIVIDENDS

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>

Dividends appropriation:

Final dividend appropriation in respect of the year
ended 31 March 2024 of HK4.5 cents
(2023: HK3 cents) per ordinary share

18,225	12,150
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Subsequent to the end of the current interim period, the directors of the Company have determined that an interim dividend of HK3 cents (six months ended 30 September 2023: HK2.5 cents) per share, amounting to HK\$12,150,000 (six months ended 30 September 2023: HK\$10,125,000) will be paid to the shareholders of the Company, whose names appear in the register of members on 20 December 2024.

8. EARNINGS (LOSS) PER SHARE – BASIC

The calculation of basic earnings (loss) per share is based on the profit for the period attributable to owners of the Company of HK\$184,000 (six months ended 30 September 2023: loss of HK\$51,740,000) and on 405,000,000 (six months ended 30 September 2023: 405,000,000) shares in issue throughout the period.

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

9. INVESTMENT PROPERTIES

	30 September	31 March
	2024	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>

AT FAIR VALUE

At beginning of the period/year	2,812,400	2,854,500
Additions	–	1,920
Transfer from property, plant and equipment	–	162,736
Decrease in fair value recognised in profit or loss	(73,700)	(206,756)
	<u>2,738,700</u>	<u>2,812,400</u>
At end of the period/year	<u>2,738,700</u>	<u>2,812,400</u>

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

9. INVESTMENT PROPERTIES (continued)

In determining the fair value of the relevant properties, the Group engages independent qualified professional valuers to perform the valuation. The management of the Company works closely with the independent qualified professional valuers to establish the appropriate valuation techniques and inputs to the model.

During the year ended 31 March 2024, some owned-properties and leasehold land had become investment properties because the Group had rented out the properties and the land to independent third parties to earn rentals and/or for capital appreciation. Accordingly, the carrying amount of these owner-occupied properties at the date of transfer had been transferred from property, plant and equipment to investment properties. The fair value at the date of transfer amounting to HK\$162,736,000 had been arrived at on the basis of valuation carried out by Colliers International (Hong Kong) Limited, Chartered Surveyors, independent qualified professional valuers not connected with the Group. The valuation was arrived at by reference to market evidence of recent transaction prices for similar properties. The surplus of the fair value of those owned-properties and leasehold land over the carrying amounts at the date of transfer amounting to HK\$123,555,000 was recognised in property revaluation reserve.

The fair value of the Group's investment properties as at 30 September 2024 amounting to HK\$2,738,700,000 (31 March 2024: HK\$2,812,400,000) have been arrived at on the basis of valuations carried out on that date by Colliers International (Hong Kong) Limited, Chartered Surveyors, independent qualified professional valuers, not connected to the Group. The directors of Colliers International (Hong Kong) Limited, Chartered Surveyors, who carried out the valuations, are members of the Hong Kong Institute of Surveyors. The fair values of the investment properties were determined based on the income approach and market comparison approach, where appropriate. For income approach, the valuations were arrived on the basis of capitalisation of the rental income receivable and reversionary income potential by adopting appropriate capitalisation rates. For market comparison approach, the valuations were arrived at by reference to the comparable sale transactions as available in the relevant market. Market comparison approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

The revaluation gave rise to a loss arising from changes in fair value of HK\$73,700,000 (six months ended 30 September 2023: HK\$90,700,000) which has been included in the condensed consolidated statement of profit or loss and other comprehensive income.

There has been no change from the valuation technique used in prior year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

10. PROPERTY, PLANT AND EQUIPMENT

During the current period, the Group acquired additional property, plant and equipment of HK\$8,868,000 (six months ended 30 September 2023: HK\$7,786,000).

During the current period, the Group wrote-off certain furniture, fixtures and equipment with an aggregate carrying amount of HK\$8,000 (six months ended 30 September 2023: HK\$2,000), resulting in a loss on written off of HK\$8,000 (six months ended 30 September 2023: HK\$2,000).

11. 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 on presentation of invoices. 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 (net of allowance for credit losses) by age, presented based on the billing date are as follows:

	30 September 2024	31 March 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 60 days	4,641	4,624
61 – 90 days	41	215
Over 90 days	2,007	234
	<hr/>	<hr/>
	6,689	5,073
	<hr/> <hr/>	<hr/> <hr/>

12. SHARE CAPITAL

	Number of shares	Amount
	<i>'000</i>	<i>HK\$'000</i>
Issued and fully paid:		
Ordinary shares with no par value		
At 30 September 2023, 31 March 2024 and 30 September 2024	405,000	178,216
	<hr/> <hr/>	<hr/> <hr/>

13. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group obtains the quoted prices from brokers/financial institutions. The management works closely with the investment fund manager to establish the appropriate valuation techniques and inputs.

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
	30.9.2024 HK\$'000	31.3.2024 HK\$'000			
Financial assets at FVTPL					
Listed equity investments	116,153	66,191	Level 1	Quoted bid prices in an active market.	N/A
Unlisted investment funds	17,591	16,714	Level 2	Redemption values quoted by the relevant investment funds with reference to the underlying assets of funds.	N/A
	8,720	8,351	Level 3	Net assets value with reference to the net asset value of the underlying fund.	The increase in the net assets value would result in an increase in fair value.
Unlisted debt instruments	86,746	84,321	Level 2	Quoted prices in market that are not active.	N/A

13. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the events or change in circumstances that caused the transfer.

Reconciliation of Level 3 fair value measurements of financial assets:

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
At the beginning of the period	8,351	8,009
Net gain in profit or loss (<i>note</i>)	369	532
	<hr/>	<hr/>
At the end of the period	8,720	8,541
	<hr/> <hr/>	<hr/> <hr/>

Note: Of the net gain for the period included in profit or loss, gain of HK\$369,000 related to unlisted investment fund held at the end of the current reporting period (six months ended 30.9.2023: HK\$532,000). Such fair value gain is included in "other gains and losses".

There were no transfers between Levels 1, 2 and 3 in the current period and prior year.

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. The fair values of these financial assets and liabilities have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

14. COMMITMENTS

As at the end of the current interim period, the Group has committed to (i) acquire some property, plant and equipment and refurbish certain investment properties of HK\$11,492,000 (31 March 2024: HK\$16,959,000) and (ii) contribute funds for an unlisted investment fund of HK\$1,411,000 (31 March 2024: HK\$1,411,000).

15. RELATED PARTY DISCLOSURES

The remuneration of directors and other members of key management during the period was HK\$1,952,000 (six months ended 30 September 2023: HK\$1,085,000).

During the period, the Group received rental income amounting to HK\$18,000 (six months ended 30 September 2023: HK\$232,000) from a company which is controlled by Ms. Chan Koon Fung (spouse of the late Chairman Mr. Lu Sin) and Mr. Lu Wing Yee, Wayne, executive director of the Company as he is one of the executors of the estate of the late Mr. Lu Sin.

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Lu Wing Yee, Wayne
Ms. Lu Wing Man, Melissa

Non-executive Director

Mr. Lee Ka Sze, Carmelo

Independent Non-executive Directors

Mr. Lam Ming Leung
Mr. Leung Man Chiu, Lawrence
Mr. Wong Wilkie

COMPANY SECRETARY

Ms. Mui Ngar May Joel

BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
Bank of China (Hong Kong) Limited
Industrial and Commercial Bank of
China (Asia) Limited
MUFG Bank, Ltd.

SOLICITORS

Woo, Kwan, Lee & Lo

AUDITORS

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

AUDIT COMMITTEE

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

REMUNERATION AND NOMINATION COMMITTEE

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

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STOCK CODE

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