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**安全貨倉有限公司**

**SAFETY GODOWN COMPANY, LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 237)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

**FINANCIAL HIGHLIGHTS**

- Total revenue: HK\$88,864,000, an increase of approximately 30.2% (2022: HK\$68,243,000)
- Loss attributable to owners of the Company: HK\$51,740,000, a decrease of approximately 61.6% (2022: loss of HK\$134,744,000)
- Bank balances and cash, bank deposits and other deposits: HK\$870,762,000 (31.3.2023: HK\$827,240,000)
- Loss per share: HK\$0.13 (2022: loss of HK\$0.33)
- Interim dividend: HK2.5 cents per share (2022: HK2 cents per share)

The board of directors (the “Board”) of Safety Godown Company, Limited (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2023 (the “Period”). These results have been reviewed by the Company’s auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and by the Audit Committee of the Company.

For the six months ended 30 September 2023, the Group recorded loss attributable to owners of the Company approximately HK\$51,740,000 (six months ended 30 September 2022: loss of HK\$134,744,000), representing a decrease of approximately 61.6% as compared with the corresponding period in 2022. Total revenue increased by approximately 30.2% from HK\$68,243,000 to HK\$88,864,000. The Group’s underlying profit excluding fair value loss on investment properties turned from a loss of HK\$15,604,000 for the corresponding period in 2022 to a profit of HK\$38,960,000.

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

*FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023*

		<b>Six months ended</b>	
	<i>Notes</i>	<b>30.9.2023</b>	30.9.2022
		<b>(unaudited)</b>	(unaudited)
		<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	3	<b>88,864</b>	68,243
Income from godown operations		<b>9,000</b>	10,293
Income from property investment		<b>55,976</b>	49,012
Interest income		<b>21,194</b>	5,512
Dividend income		<b>2,694</b>	3,426
Other gains and losses		<b>(6,021)</b>	(43,997)
Other income		–	665
Exchange (loss) gain, net		<b>(670)</b>	169
Decrease in fair value of investment properties		<b>(90,700)</b>	(119,140)
Staff costs		<b>(10,923)</b>	(8,950)
Depreciation of property, plant and equipment		<b>(12,071)</b>	(12,858)
Impairment loss on trade receivable under expected credit loss (“ECL”) model		–	(936)
Other expenses		<b>(12,876)</b>	(11,536)
Loss before taxation		<b>(44,397)</b>	(128,340)
Taxation	5	<b>(7,343)</b>	(6,404)
Loss for the period attributable to owners of the Company		<b>(51,740)</b>	(134,744)
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		<b>123,555</b>	–
Total comprehensive income (expense) for the period attributable to owners of the Company		<b>71,815</b>	(134,744)
Loss per share – Basic	7	<b>(HK\$0.13)</b>	(HK\$0.33)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION***AT 30 SEPTEMBER 2023*

	<i>Note</i>	<b>30.9.2023</b> <b>(unaudited)</b> <b>HK\$'000</b>	31.3.2023 (audited) HK\$'000
<b>Non-current assets</b>			
Investment properties		<b>2,916,700</b>	2,854,500
Property, plant and equipment		<b>187,807</b>	221,439
		<b>3,104,507</b>	3,075,939
<b>Current assets</b>			
Financial assets at fair value through profit or loss ("FVTPL")		<b>128,612</b>	134,018
Trade and other receivables	8	<b>22,051</b>	19,337
Bank deposits		<b>848,759</b>	716,827
Other deposits		<b>1,767</b>	11,107
Bank balances and cash		<b>20,236</b>	99,306
		<b>1,021,425</b>	980,595
<b>Current liabilities</b>			
Other payables		<b>36,331</b>	29,158
Tax payable		<b>24,009</b>	19,296
		<b>60,340</b>	48,454
<b>Net current assets</b>		<b>961,085</b>	932,141
		<b>4,065,592</b>	4,008,080

	<i>Note</i>	<b>30.9.2023</b> <b>(unaudited)</b> <b>HK\$'000</b>	31.3.2023 (audited) HK\$'000
<b>Capital and reserves</b>			
Share capital	9	178,216	178,216
Reserves		<u>3,782,522</u>	<u>3,722,857</u>
<b>Equity attributable to owners of the Company</b>		<u><b>3,960,738</b></u>	<u>3,901,073</u>
<b>Non-current liabilities</b>			
Long-term tenants' deposits received		18,422	21,687
Deferred tax liabilities		85,486	84,599
Provision for long service payments		<u>946</u>	<u>721</u>
		<u><b>104,854</b></u>	<u>107,007</u>
		<u><b>4,065,592</b></u>	<u><b>4,008,080</b></u>

*NOTES:*

**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 16 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 2023 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 2023 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. PRINCIPAL ACCOUNTING POLICIES**

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 2023 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 March 2023.

**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 2023 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

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	
	2023	2022
	HK\$'000	HK\$'000
Income from godown operations	9,000	10,293
Income from property investment	55,976	49,012
Dividend income from listed and unlisted investments	2,694	3,426
Bank interest income	20,419	4,809
Other interest income	775	703
	<u>88,864</u>	<u>68,243</u>

### 4. SEGMENT INFORMATION

The Group's operating and reportable segments, based on information reported to the chief operating decision maker, being the executive director 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 2023*

	Godown operations	Property investment	Treasury investment	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>				
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>	<u>(39,752)</u>
Central administrative costs				<u>(4,645)</u>
Loss before taxation				<u>(44,397)</u>

*As at 30 September 2023*

	<b>Godown operations <i>HK\$'000</i></b>	<b>Property investment <i>HK\$'000</i></b>	<b>Treasury investment <i>HK\$'000</i></b>	<b>Consolidated <i>HK\$'000</i></b>
<b>Assets</b>				
Segment assets	164,987	2,954,812	985,085	4,104,884
Bank balances and cash				20,236
Unallocated other assets				812
				<u>4,125,932</u>
Consolidated total assets				<u><u>4,125,932</u></u>
<b>Liabilities</b>				
Segment liabilities	2,384	43,161	83	45,628
Tax payable				24,009
Deferred tax liabilities				85,486
Unallocated other liabilities				10,071
				<u>165,194</u>
Consolidated total liabilities				<u><u>165,194</u></u>

*For the six months ended 30 September 2022*

	<b>Godown operations <i>HK\$'000</i></b>	<b>Property investment <i>HK\$'000</i></b>	<b>Treasury investment <i>HK\$'000</i></b>	<b>Consolidated <i>HK\$'000</i></b>
<b>Revenue</b>				
Segment revenue	<u>10,293</u>	<u>49,012</u>	<u>8,938</u>	<u>68,243</u>
Segment profit (loss)	<u>750</u>	<u>(88,706)</u>	<u>(36,084)</u>	(124,040)
Central administrative costs				<u>(4,300)</u>
Loss before taxation				<u><u>(128,340)</u></u>

As at 31 March 2023

	Godown operations <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>Assets</b>				
Segment assets	196,341	2,893,953	865,823	3,956,117
Bank balances and cash				99,306
Unallocated other assets				<u>1,111</u>
Consolidated total assets				<u><u>4,056,534</u></u>
<b>Liabilities</b>				
Segment liabilities	2,314	39,974	104	42,392
Tax payable				19,296
Deferred tax liabilities				84,599
Unallocated other liabilities				<u>9,174</u>
Consolidated total liabilities				<u><u>155,461</u></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 maker for the purposes of resources allocation and performance assessment.

## 5. TAXATION

	<b>Six months ended</b>	
	<b>30.9.2023</b>	30.9.2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
The charge comprises:		
Hong Kong Profits Tax	<b>6,456</b>	4,328
Deferred taxation	<b>887</b>	2,076
	<u><b>7,343</b></u>	<u>6,404</u>

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



## 6. DIVIDENDS

Six months ended	
30.9.2023	30.9.2022
<i>HK\$'000</i>	<i>HK\$'000</i>

Dividends appropriation:

Final dividend appropriation in respect of the year ended

31 March 2023 of HK3 cents (2022: HK6 cents) per ordinary share	<u>12,150</u>	<u>24,300</u>
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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 HK2.5 cents (six months ended 30.9.2022: HK2 cents) per share, amounting to HK\$10,125,000 (six months ended 30.9.2022: HK\$8,100,000) will be paid to the shareholders of the Company, whose names appear in the register of members on 21 December 2023.

## 7. LOSS PER SHARE – BASIC

The calculation of basic loss per share is based on the loss for the period attributable to owners of the Company of HK\$51,740,000 (six months ended 30.9.2022: loss of HK\$134,744,000) and on 405,000,000 (six months ended 30.9.2022: 405,000,000) shares in issue throughout the period.

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

## 8. 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:

	30.9.2023	31.3.2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 60 days	3,401	3,284
61 – 90 days	190	518
Over 90 days	<u>972</u>	<u>170</u>
	<u>4,563</u>	<u>3,972</u>

## 9. SHARE CAPITAL

	<b>Number of shares '000</b>	<b>Amount HK\$'000</b>
Issued and fully paid:		
Ordinary shares with no par value		
At 30 September 2022, 31 March 2023 and 30 September 2023	<u>405,000</u>	<u>178,216</u>

## 10. RELATED PARTY DISCLOSURES

The remuneration of directors and other members of key management during the period was HK\$667,000 (six months ended 30.9.2022: HK\$778,000).

During the Period, the Group received a rental income amounting to HK\$232,000 (six months ended 30.9.2022: nil) 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 Mr. Lu Sin.

## **BUSINESS REVIEW**

### **Godown Operations Segment**

In the first half of the year, economic recovery was thwarted by international bilateral trade disputes and continued geopolitical tensions against a global backdrop of high interest rates. As a result, demands from overseas and Mainland China for Hong Kong goods and transit remained sluggish. Although local private consumption improved compared to that at the height of COVID-19 last year, the increase in outbound tourists still impacted local consumption. For all these reasons, market players in Hong Kong remained cautious and hesitant. Logistics customers of the Group also pursued a prudent warehousing strategy, which resulted in weaker results in the first half of the year than expected and the corresponding period of last year. The total storage volume fell to approximately ten thousand cubic meters at the end of September 2023, the lowest level since the outbreak of COVID-19 in 2020. The Group also changed its strategy in response to changes in the business environment by renting out two floors of the godown premises in Kwai Chung and reducing the storage area for godown business so as to maintain an average storage rate of approximately 64.0%.

The Group's godown operations segment recorded weaker results in the first half of the year than expected and the corresponding period of last year. Total revenue dropped to HK\$9 million representing a decrease of HK\$1.29 million or 12.6% compared to HK\$10.29 million in the corresponding period of last year.

### **Property Investment Segment**

For the rental business, commercial activities have recovered since the beginning of the year as Hong Kong gradually eased COVID-19 restrictions and the border between Hong Kong and the Mainland reopened. However, Lu Plaza was still affected by the increasing office supply in East Kowloon, and rentals per square foot were under sustained pressure. In addition, the Kwun Tong Ferry Pier was undergoing improvement works (estimated to be completed by mid-2025), which affected the attraction for new tenants during such period. Thanks to our successful lease of two floors of the Safety Godown No. 4 premises located in Kwai Chung at the end of the prior year and the beginning of the year, rental income increased to HK\$55.98 million in the first half of the year, representing an increase of HK\$6.96 million or 14.2% compared to HK\$49.01 million in the corresponding period of last year.

### **Treasury Investment Segment**

As the Group adopted a conservative strategy in the past, most of its current assets were deposited in reliable and well-rated financial institutions in the form of time deposits. In the first half of the year, interest income from banks increased by approximately 3.2 times to HK\$20.42 million, plus dividend of HK\$2.69 million and bond interest income of HK\$0.78 million and less fair value loss of HK\$6.08 million, resulting in a net profit of HK\$16.09 million recorded by the segment. The satisfactory performance of treasury investment income only made up for the adverse impact of the business environment of godown logistics.

## **OUTLOOK**

The weak recovery of Hong Kong's economy, especially local consumption, and the prudent warehousing strategy of logistics customers have a significant impact on the existing godown business. In response to the changes in consumption pattern after COVID-19 compared to that in the past, the Hong Kong Government and other institutions have also begun to focus on promoting night markets and other plans to stimulate consumption. If such plans bear fruit, the local consumer market is expected to pick up at the end of the year, which will increase the Group's storage and turnover rates in the second half of the year as customer mix of godown business has shifted from industrial products-oriented to local consumer goods-oriented customers.

Since the opening of The LU+ business center in 2021, the Group has been committed to enhancing the supporting facilities and services of Lu Plaza, and the measures taken have been effective. However, due to changes in the overall environment and the adverse impact of the ongoing refurbishment of the Kwun Tong Ferry Pier on the surrounding environment, these efforts can only maintain revenue without further breakthroughs in business. The Group will put continuous efforts into various improvement projects, and hopefully the competitiveness and attractiveness of Lu Plaza will be further enhanced. Upon the completion of the Kwun Tong Ferry Pier project and leverage the future improvements in the commercial property market and economic environment, breakthroughs in occupancy rates and average rentals per square foot can be expected.

Global interest rates have risen since 2022, leading to an increase in risk premiums tied to property value. In addition, due to the impact of supply and demand on the Hong Kong real estate market, the Group's investment properties have recorded revaluation losses in the past few years, and the current period is no exception. Despite interest rates are expected to stay higher for longer, the Group believes further losses will be recorded in the revaluation of investment properties when disclosed in the annual results announcement unless there are material changes in interest rates or property market prospects.

## **INVESTMENT PLAN**

Since the start of rate hikes, there have been certain adjustments in the Hong Kong real estate market, and transfer prices of certain commercial and residential land 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.

Hong Kong is currently hit by a mid- to short-term economic environment, but with the implementation of measures to boost the economy by the Central People's Government of China and the Government of Hong Kong Special Administrative Region, Hong Kong is expected to regain its former glory in the mid to long term. 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\$88,864,000, including income from godown operations segment of HK\$9,000,000, property investment segment of HK\$55,976,000 and treasury investment segment of HK\$23,888,000 (interest income of HK\$21,194,000 and dividend income of HK\$2,694,000). The revenue of godown operations segment declined approximately of 12.6% and the other two segments, property investment segment and treasury investment segment, increased approximately 14.2% and 167.3%, respectively comparing to the last corresponding period.

During the Period, the Group recorded a fair value loss on investment properties of HK\$90,700,000 (six months ended 30 September 2022: loss of HK\$119,140,000) which had been included in the condensed consolidated statement of profit or loss and other comprehensive income.

Staff costs increased by approximately 22.0% to HK\$10,923,000 (six months ended 30 September 2022: HK\$8,950,000), which was mainly attributable to the increase in basic salary and bonus.

Depreciation of property, plant and equipment decreased by approximately 6.1% to HK\$12,071,000 (six months ended 30 September 2022: HK\$12,858,000).

Other expenses increased by approximately 11.6% to HK\$12,876,000 (six months ended 30 September 2022: HK\$11,536,000), which was mainly due to the increase in the subsidy of air-conditioning and management fee for the investment properties.

### Condensed consolidated statement of financial position

The Company's net asset value recorded at HK\$3,960,738,000, mainly comprising HK\$2,916,700,000 of investment properties, HK\$187,807,000 of property, plant and equipment (mainly the Group's self-occupied godown building situated at Kwai Chung), HK\$128,612,000 of 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 as a result of a downward adjustment in their fair values with reference to valuations carried out by an independent professional valuer on an open market basis as at 30 September 2023.

There were no significant changes in financial assets at FVTPL when compared with that on 31 March 2023. Total bank balances and cash, bank deposits and other deposits increased by approximately 5.3% (31 March 2023: HK\$827,240,000).

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2023, the Group had bank balances and cash of HK\$20,236,000 (31 March 2023: HK\$99,306,000) and the total current liabilities amounted to HK\$60,340,000 (31 March 2023: HK\$48,454,000). Current ratio stood at approximately 16.93 times (31 March 2023: 20.24 times) and the Group had no bank borrowings.

The net assets of the Group increased by approximately 1.5% to HK\$3,960,738,000 (31 March 2023: HK\$3,901,073,000) and the net asset value per share increased by approximately 1.5% to HK\$9.78 (31 March 2023: HK\$9.63).

## **EMPLOYEES**

As at 30 September 2023, the Group had a total of 39 (31 March 2023: 39) employees. Remuneration is determined on the basis of qualifications, experience, responsibilities and performance. During the Period, staff costs (including Directors' emoluments) increased by approximately 22.0% to HK\$10,923,000 (six months ended 30 September 2022: HK\$8,950,000).

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 recorded an exchange loss of HK\$670,000 (six months ended 30 September 2022: gain of HK\$169,000).

## **CONTINGENT LIABILITIES**

As at 30 September 2023, the Group did not have any significant contingent liabilities (31 March 2023: nil).

## **PLEDGE OF ASSETS**

As at 30 September 2023, the Group did not have any pledge of assets (31 March 2023: nil).

## **INTERIM DIVIDEND**

The Board of the Company declared an interim dividend of HK2.5 cents per share for the Period (six months ended 30 September 2022: HK2 cents per share), payable to the shareholders of the Company, whose names appear on the register of members on 21 December 2023. The interim dividend will be paid on 15 January 2024.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Monday, 18 December 2023 to Thursday, 21 December 2023, 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 Friday, 15 December 2023.

## **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 under review.

## **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 ("CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 Officer 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 Officer 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 announcement. 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 Director continues 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 Chairman of the Board and/or the Chief Executive Officer. As the positions of the Chairman of the Board and the Chief Executive Officer have been vacant, the Company Secretary reports to the Executive Director 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, Mr. Lu Wing Yee, Wayne, the Executive Director, was elected and acted as the chairman of the annual general meeting of the Company held on 18 August 2023 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.

As announced by the Company on 5 September 2023, Ms. Oen Li Lin (“Ms. Oen”) had tendered her resignation as an independent non-executive director of the Company with effect from 4 September 2023. Following the resignation of Ms. Oen, the Board comprises 4 members including 1 executive director, 1 non-executive director and 2 independent non-executive directors. The Board had not met the requirement to have at least three independent non-executive directors under Rule 3.10(1) of the Listing Rules.

As such, the Company has been actively identifying suitable candidates for appointment as an independent non-executive director of the Company in order to meet the requirement under Rule 3.10(1) of the Listing Rules. As at the date of this announcement, the Company is still identifying suitable candidate to be appointed as an independent non-executive director to fill the casual vacancy occasioned by the resignation of Ms. Oen for compliance with Rule 3.10(1) of the Listing Rules. The Company will make further announcement as and when appropriate.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as the 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.



## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This announcement is published on the respective websites of Hong Kong Exchanges and Clearing Limited [www.hkex.com.hk](http://www.hkex.com.hk) and of the Company [www.safetygodown.com](http://www.safetygodown.com) on 28 November 2023. The interim report for the six months ended 30 September 2023 containing all the information required by the Listing Rules will be published on the above websites and despatched to shareholders in due course.

By Order of the Board  
**Safety Godown Company, Limited**  
**Lu Wing Yee, Wayne**  
*Executive Director*

Hong Kong, 28 November 2023

As at the date of this announcement, the Board of Directors of the Company consists of:-

Mr. Lu Wing Yee, Wayne	<i>Executive Director</i>
Mr. Lee Ka Sze, Carmelo	<i>Non-executive Director</i>
Mr. Lam Ming Leung	<i>Independent Non-executive Director</i>
Mr. Leung Man Chiu, Lawrence	<i>Independent Non-executive Director</i>