

安全貨倉有限公司

SAFETY GODOWN COMPANY, LIMITED

(Stock code : 237)

ANNUAL REPORT
2025/26

LU
PLAZA





振萬廣場

振萬廣場位於香港第二個核心商業區 (CBD2) 九龍東內觀塘榮業街 2 號，位置得天獨厚，鄰近觀塘碼頭，海濱公園，面向啟德郵輪碼頭，180 度維港景色一覽無遺。

Lu Plaza is located at 2 Wing Yip Street, Kwun Tong within the CBD2 of Hong Kong - Kowloon East. It is in the immediate proximity of the Kwun Tong Ferry Pier, Kwun Tong Promenade and Kai Tak Cruise Terminal, overlooking a spectacular 180 degree Victoria Harbou seaview



商務中心提供優質的會議場所和多用途活動場地，並附設健身室，適合舉辦不同的會議和活動。

The LU+ Business Centre features with high quality meeting venues and multi-purpose function rooms with fully equipped and fitness space



中西日美食匯聚，不僅環境舒適，而且各有風味。

Signature Chinese, Western and Japanese cuisines are housed in a comfortable environment.



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Corporate Information

DIRECTORS

Executive Directors

Mr. Lu Wing Yee, Wayne (*Chairman*)
(appointed as Chairman on 1 July 2025)
Ms. Lu Wing Man, Melissa (*Managing Director*)
(appointed as Managing Director on 1 July 2025)

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, Limited

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
Ms. Lu Wing Man, Melissa
(appointed as member on 1 July 2025)
Mr. Wong Wilkie
(appointed as member on 1 July 2025)

REGISTERED OFFICE

Unit 1801, 18th Floor, Lu Plaza
2 Wing Yip Street, Kwun Tong
Kowloon, Hong Kong

REGISTRARS AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road, Hong Kong

WEBSITE

www.safetygodown.com

STOCK CODE

237

Biographical Information of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Lu Wing Yee, Wayne, aged 52, has been an Executive Director and Chairman of the Company since 12 December 2008 and 1 July 2025 respectively. He has joined the Group since July 2001. Prior to his appointment as Executive Director, he was the Group Manager of the Group in charge of day-to-day operations of the Group. He has extensive experience in the field of accounting, auditing, financial management and operations control. Mr. Lu holds a master degree in business administration, a bachelor degree of science in business administration and a diploma in risk management. He is also a member of The American Institute of Certified Public Accountants. Mr. Lu had previously worked for audit firm, securities and brokerage firm and listed property company. Mr. Lu is also a director and shareholder of Kian Nan Financial Limited and Lusin And Company Limited, which are substantial shareholders of the Company as defined in Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”). He is the son of Mr. Lu Sin, the deceased founder and chairman of the Group, and Ms. Chan Koon Fung, a substantial shareholder, and the brother of Ms. Lu Wing Man, Melissa, an Executive Director and Managing Director of the Company.

Ms. Lu Wing Man, Melissa, aged 50, has been an Executive Director and Managing Director of the Company since 12 December 2023 and 1 July 2025 respectively. Ms. Lu joined the Group in July 2023 and held the position of Group Manager of the Group. She has extensive experience in banking finance and financial management. Ms. Lu holds a bachelor degree of science in business administration. Prior to joining the Group, Ms. Lu worked in banking with previous post as a Managing Director and Head of Syndicated and Leveraged Finance Loans, Asia at J.P. Morgan. During her term of office at J.P. Morgan, Ms. Lu represented the bank as a board member and executive committee member of the Asia Pacific Loan Market Association. Ms. Lu is also a director and shareholder of Kian Nan Financial Limited and Lusin And Company Limited, which are substantial shareholders of the Company as defined in Part XV of the SFO. She is the daughter of Mr. Lu Sin, the deceased founder and chairman of the Group, and Ms. Chan Koon Fung, a substantial shareholder, and the sister of Mr. Lu Wing Yee, Wayne, an Executive Director and Chairman of the Company.

Ms. Lu is a member of the Remuneration and Nomination Committee of the Company.

NON-EXECUTIVE DIRECTOR

Mr. Lee Ka Sze, Carmelo, JP, aged 66, has been a Director of the Company since 2000. Mr. Lee acted as an Independent Non-executive Director from 1 July 2000 to 28 September 2004 and has been re-designated as a Non-executive Director since 28 September 2004. Mr. Lee is the managing partner of Woo Kwan Lee & Lo. He received his Bachelor of Laws degree and the Postgraduate Certificate in Laws from The University of Hong Kong. Mr. Lee is an independent non-executive director of China Mobile Limited and a non-executive director of Playmates Holdings Limited, both of which are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). He is also an independent non-executive director of S.F. Holding Co., Ltd., a company listed on the Stock Exchange and the Shenzhen Stock Exchange.

Mr. Lee was an independent non-executive director of KWG Group Holdings Limited, which is listed on the Stock Exchange and a member of chairmen pool of The Listing Review Committee of the Stock Exchange, the chairman of the Appeal Tribunal Panel (Section 45 of the Buildings Ordinance (Cap.123)) and a non-official member of the InnoHK Steering Committee. He was also a convener and a member of the Financial Reporting Review Panel of the Financial Reporting Council of Hong Kong.

Mr. Lee is a member of the Audit Committee and the Remuneration and Nomination Committee of the Company.

Biographical Information of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Ming Leung, aged 74, has been an Independent Non-executive Director of the Company since 1 January 2004. Mr. Lam was a director and general manager of The National Commercial Bank Limited, Hong Kong Branch.

Mr. Lam is the Chairman of the Remuneration and Nomination Committee and a member of the Audit Committee of the Company.

Mr. Leung Man Chiu, Lawrence, aged 78, has been an Independent Non-executive Director of the Company since 16 June 2006. He is also an independent non-executive director of Pak Fah Yeow International Limited and SMC Electric Limited; both are listed on the Stock Exchange. Mr. Leung is a fellow member of the Hong Kong Institute of Certified Public Accountants and a certified public accountant in public practice for over 50 years. He has extensive experience in accounting and auditing and had served in the listing and auditing projects for a number of Hong Kong public listed companies. He is now practicing as a partner in Tang and Fok.

Mr. Leung is the Chairman of the Audit Committee and a member of the Remuneration and Nomination Committee of the Company.

Mr. Wong Wilkie, aged 53, has been an Independent Non-executive Director since 12 December 2023. He has very extensive experience in strategic consultancy, industry, finance and supply chain management. Mr. Wong holds a Bachelor of Science (Civil Engineering) and a Master of Science (Operations Research) from Columbia University in the City of New York, USA, and a Master of Business Administration degree from Sloan School of Management, the Massachusetts Institute of Technology, USA. Mr. Wong is currently the Chief Financial Officer of Esquel Group, a world-leading, knowledge-based innovative textile and apparel company, responsible for the group's finance, logistics and corporate communications. He joined the Esquel Group in 2004 and has extensive experience in finance and supply chain management related to the textile industry. Before joining Esquel Group, Mr. Wong worked in McKinsey & Company as a management consultant in Greater China Region, providing consulting services for international and local companies, with a focus on consumer goods and retail sectors. He has extensive experience in strategic and business development, M&A advisory, organizational restructuring and operational improvement. Mr. Wong also serves on a voluntary basis as a member of the Incorporated Management Committee of the CCC Kei Chun Primary School. He served as a director of the CCC Tai Kok Tsui Kei Tsun Church Limited until 31 December 2025.

Mr. Wong is a member of the Audit Committee and the Remuneration and Nomination Committee of the Company.

SENIOR MANAGEMENT

Mr. Huang Hwei Ru, aged 77, is an Assistant General Manager of the Group. He is responsible for overall management of operations. He has joined the Group since 1976. Mr. Huang was also the supervisor of the Chivas Godown of the Group from 1991 to 2016.

Ms. Tong Yuk Sim, Simmy, aged 63, is an Assistant General Manager of the Group. She is responsible for the leasing and property management of the Group's investment properties. She has joined the Leasing Department of the Group since January 1997 and was promoted as the Senior Manager in 2011. She holds the Postgraduate Diploma in Corporate Administration and Master of Science in Construction and Real Estate from the Hong Kong Polytechnic University. She is also a member of the Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and a holder of Estate Agent's Individual Licence from the Estate Agents Authority.

Five-year Financial Summary

	2026 HK\$'000	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000
Consolidated Statement of Profit or Loss and Other Comprehensive Income					
Revenue					
Godown operations	15,686	15,808	17,284	20,232	19,719
Property investment	104,752	110,930	111,811	101,644	96,095
Treasury investment	39,869	50,724	48,097	25,477	7,036
	<u>160,307</u>	<u>177,462</u>	<u>177,192</u>	<u>147,353</u>	<u>122,850</u>
Loss attributable to owners of the Company					
Godown operations	(1,793)	(1,232)	(2,042)	729	3,016
Property investment	56,890	62,506	62,378	62,391	53,430
Treasury investment	109,495	85,381	44,253	(17,830)	15,580
Loss on disposal of property, plant and equipment	(2)	(8)	(1)	–	–
Decrease in fair value of investment properties	(271,450)	(395,313)	(206,756)	(211,840)	(136,558)
Other administrative costs	(6,826)	(6,469)	(7,602)	(8,743)	(7,982)
	<u>(113,686)</u>	<u>(255,135)</u>	<u>(109,770)</u>	<u>(175,293)</u>	<u>(72,514)</u>
Taxation	(14,850)	(10,374)	(12,879)	(12,996)	(12,024)
	<u>(128,536)</u>	<u>(265,509)</u>	<u>(122,649)</u>	<u>(188,289)</u>	<u>(84,538)</u>
Loss for the year	<u>(128,536)</u>	<u>(265,509)</u>	<u>(122,649)</u>	<u>(188,289)</u>	<u>(84,538)</u>
Core earnings after taxation (Note 1)	<u>142,916</u>	<u>129,812</u>	<u>84,108</u>	<u>23,551</u>	<u>52,020</u>
Consolidated Statement of Financial Position					
Total assets	3,604,533	3,747,281	4,045,923	4,056,534	4,175,960
Total liabilities	(181,649)	(163,461)	(166,219)	(155,461)	(147,824)
	<u>3,422,884</u>	<u>3,583,820</u>	<u>3,879,704</u>	<u>3,901,073</u>	<u>4,028,136</u>
Total equity	<u>3,422,884</u>	<u>3,583,820</u>	<u>3,879,704</u>	<u>3,901,073</u>	<u>4,028,136</u>
Per Share					
Loss per share	(HK\$0.32)	(HK\$0.66)	(HK\$0.30)	(HK\$0.46)	(HK\$0.21)
Core earnings per share (Note 1)	HK\$0.35	HK\$0.32	HK\$0.21	HK\$0.06	HK\$0.13
Dividends per share	HK8 cents	HK8 cents	HK7 cents	HK5 cents	HK10 cents
Dividend payout ratio (Note 2)	22.7%	23.4%	33.7%	86.0%	77.9%
Net asset value per share	HK\$8.45	HK\$8.85	HK\$9.58	HK\$9.63	HK\$9.95
Ratios					
Return on average equity	-3.7%	-7.1%	-3.2%	-4.7%	-2.0%
Current ratio	18.0:1	21.4:1	17.1:1	20.2:1	18.6:1
Gearing ratio (Note 3)	–	–	–	–	–
P/E ratio (Note 4)	N/A	N/A	N/A	N/A	N/A

Notes:

1. Core earnings after taxation ("core earnings"), which is a non-HKFRS Accounting Standards financial measure, is calculated based on the loss for the year attributable to shareholders after adjusting for the decrease in fair value of investment properties and the loss on disposal of property, plant and equipment.
2. The dividend payout ratio is calculated based on the total dividend distribution including the interim dividend paid and final dividend and special dividend (if any) proposed for the year and the loss for the year attributable to shareholders after adjusting the effect on decrease in fair value of investment properties.
3. Gearing ratio is calculated at the ratio of total interest-bearing loans to total assets of the Group as at 31 March. As there were no borrowings during the past 5 years, the gearing ratios for the 5 years were therefore equal to zero.
4. Based on closing price as at 31 March for each year.

Chairman's Statement

On behalf of the board of directors (the "Board") of Safety Godown Company, Limited (the "Company"), I am pleased to present the annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2026 (the "Year").

GEOPOLITICAL AND MACROECONOMIC ENVIRONMENT

Looking back over the Year, global geopolitical tensions have continued to deteriorate, repeatedly weighing on an economic outlook that had only just begun to show signs of improvement. This instability not only drove up the Group's operating costs but also posed severe challenges to our customers, thereby indirectly affecting the Group's business performance. Facing multiple challenges, including ongoing conflicts, high oil prices, and interest rate cuts that remain nowhere in sight, the Group maintains a cautious stance toward the operating environment for the coming year. If the macro environment fails to improve, revenues from property investment and godown operations are expected to face continuous downward pressure.

ANNUAL RESULTS AND CORE BUSINESS CHALLENGES

Affected by the aforementioned adverse macroeconomic factors, the performance of the Group's property investment as well as godown operations remained under pressure. However, the overall financial structure maintained a high level of resilience through the management's proactive deployment. During the Year, the loss attributable to owners of the Company was approximately HK\$129 million, representing a significant narrowing of 51.6% compared to the loss of approximately HK\$266 million in the year ended 31 March 2025 (the "Prior Year"). The narrowing of the loss was primarily due to the decrease in the fair value loss on the Group's investment properties from approximately HK\$395 million for the Prior Year to approximately HK\$271 million for the Year. Total revenue for the Year was approximately HK\$160 million, representing a decrease of 9.7% compared to approximately HK\$177 million for the Prior Year. Basic loss per share narrowed from HK\$0.66 for the Prior Year to HK\$0.32 for the Year, while loss before tax also substantially reduced by 55.4% from approximately HK\$255 million for the Prior Year to approximately HK\$114 million for the Year.

From the core operational perspective, although non-cash asset impairments dragged down the reported results, excluding the loss on fair value of investment properties, the Group's core earnings after taxation (a non-HKFRS Accounting Standards financial measure) bucked the market trend to achieve a steady growth of 10.1%, increasing from approximately HK\$130 million for the Prior Year to approximately HK\$143 million for the Year. This growth was primarily driven by the increase in realised and unrealised gains on financial assets at fair value through profit or loss. However, it should be noted that a substantial portion of these investment gains, amounting to approximately HK\$48.99 million, represents unrealised gains on fair value changes. In other words, these assets had not yet been disposed as at the reporting date, and the relevant returns mainly reflect non-cash valuation uplifts. It must also be pointed out that the performance of such financial assets is highly dependent on global market trends and market volatility. Nevertheless, if geopolitical tensions and high inflation persist, revenue from related core businesses is expected to remain under downward pressure in the coming year.

PERFORMANCE AND MANAGEMENT STRATEGY

Given the slower-than-expected economic recovery in Hong Kong, many corporates adopted a cautious and observant approach during the Year. The Group's revenue from godown operations amounted to approximately HK\$15.69 million for the Year, representing a slight decline of 0.8% compared with approximately HK\$15.81 million for the Prior Year. In response to the evolving business environment, the Group proactively adjusted and reduced its warehouse space to maintain a stable occupancy rate under challenging market conditions. Furthermore, the property investment segment also faced a subdued office leasing market and intense competition, which exerted downward pressure on rental levels of core assets. Rental income for the Year amounted to approximately HK\$105 million, down 5.6% from approximately HK\$111 million for the Prior Year. Through optimising the leasing mix of its industrial and warehouse properties, the management effectively preserved a stable rental contribution, partially mitigating the impact of the broader market environment on segment profit.

Chairman's Statement

In contrast, the performance of the treasury investment segment recorded a rebound during the Year, primarily benefiting from the recovery in the stock market. During the Year, financial assets at fair value through profit or loss delivered strong performance, among which realised profit increased significantly from approximately HK\$5.98 million for the Prior Year to approximately HK\$18.92 million for the Year, while unrealised profit increased from approximately HK\$27.16 million for the Prior Year to approximately HK\$48.99 million for the Year. Dividend income also increased from approximately HK\$6.3 million for the Prior Year to approximately HK\$9.55 million for the Year. However, interest income declined from approximately HK\$41.31 million for the Prior Year to approximately HK\$26.68 million for the Year, reflecting changes in interest-rate conditions. In light of ongoing market uncertainties, the management will continue to closely monitor the investment portfolio and adopt a defensive approach to safeguard the Group's financial position.

DIVIDENDS

The Board has resolved to recommend a final dividend of HK5 cents per share for the Year (2025: HK5 cents), amounting to a total of HK\$20.25 million (2025: HK\$20.25 million), to the shareholders of the Company whose names appear on the register of members of the Company on 2 September 2026, subject to the approval of shareholders at the forthcoming annual general meeting to be held on 14 August 2026. The proposed final dividend will be dispatched to shareholders on 16 September 2026.

Together with the interim dividend of HK3 cents per share already paid on 14 January 2026, the total distribution for the Year will amount to HK8 cents (2025: HK8 cents) per share.

OUTLOOK

Looking ahead, the Group will continue to maintain a sound capital structure and sufficient liquidity to support its future investments and business development needs. The management will continue to prudently monitor trends in the real estate and property leasing markets and, in response to market conditions and the competitive landscape, optimise resource allocation in a timely manner, enhance operational efficiency and advance a diversified development strategy.

From a business strategy perspective, the Group will continue to enhance the attractiveness and overall returns of its investment properties through proactive property management and value enhancement initiatives. At the same time, on a vigilant and pragmatic basis, the Group will explore business models conducive to stabilising income streams and remain alert to property investment opportunities with development potential. As regards the warehousing business, the Group will review the use and leasing arrangements of part of its warehousing space with a view to enhancing asset utilisation efficiency.

During the year, the Government of the Hong Kong Special Administrative Region ("HKSAR") launched a public consultation on the first five-year plan for the economic and social development of the HKSAR. The relevant planning direction may provide support for the long-term development of the warehousing, logistics and related real estate markets. The Group is positive about the development prospects arising from such planning and believes that the relevant direction will help further enhance Hong Kong's overall competitiveness and promote sustained economic development, thereby fostering a favourable development environment for the Group's relevant industries. Going forward, the Group will continue to uphold a prudent and pragmatic approach to its operations, strive to maintain steady development, and aim to enhance the overall interests of the Company and all its shareholders in the long run.

Lu Wing Yee, Wayne

Chairman and Executive Director

Hong Kong, 23 June 2026

Management Discussion and Analysis

FINANCIAL OVERVIEW

During the year under review, the Group continued to focus on developing its three core businesses, namely godown operations, property investment, and treasury investments. During the year, the Group's total revenue was HK\$160,307,000, representing a decrease of 9.7% compared to HK\$177,462,000 last year, which was mainly due to challenges in the external business environment and a reduction in bank deposit interest income resulting from falling interest rates. Loss attributable to shareholders of the Company for the year was HK\$128,536,000 (2025: loss of HK\$265,509,000), with the reported loss narrowing by 51.6% year-on-year. Loss before taxation decreased by 55.4% from HK\$255,135,000 in the Prior Year to HK\$113,686,000 for the current year. Basic loss per share decreased from HK\$0.66 in 2025 to HK\$0.32 for the current year.

From a core operational perspective, although the consolidated results included fair value loss on investment properties, the Group's core profit after taxation (a non-HKFRS Accounting Standards financial measure) excluding the fair value loss on investment properties of HK\$271,450,000 (2025: loss of HK\$395,313,000) and the loss on disposal of property, plant and equipment of HK\$2,000 (2025: loss of HK\$8,000) increased by 10.1% from HK\$129,812,000 last year to HK\$142,916,000 for the current year.

As at 31 March 2026, the consolidated equity attributable to shareholders of the Company stood at HK\$3,422,884,000 (31 March 2025: HK\$3,583,820,000), and the net asset value per share was HK\$8.45 (31 March 2025: HK\$8.85). Total dividends, including interim and final dividends, distributed by the Company during the year amounted to HK\$32,400,000 (2025: HK\$30,375,000).

BUSINESS REVIEW

Godown operations segment

During the year under review, the Group continued to focus on streamlining its godown operations and downsizing its storage capacity to enhance resource efficiency under the impact of reduced storage demand and market environment challenges. The average utilisation rate for the year was approximately 63.0% (based on an average maximum capacity of 14,000 cubic meters), compared to 56.4% last year (based on an average maximum capacity of 16,200 cubic meters). Driven by an increase in goods turnover rates, the average rent per cubic meter increased by 1.1% year-on-year.

During the year, segment revenue decreased slightly by 0.8% from HK\$15,808,000 last year to HK\$15,686,000 for the current year. The segment recorded a loss of HK\$1,793,000 (2025: loss of HK\$1,232,000). Although the average utilisation rate increased during the year primarily due to the base adjustment following the downsizing of total capacity, the actual rent-yielding volume declined under the weight of overall weak demand in the local storage market, thereby leading to a widening of segment loss.

Methodology of calculating Key Performance Data:

- Definition and calculation: Average utilisation rate which is the percentage of the occupied capacity available for storage. Average rent per cubic meter is the average storage rent per cubic meter of cargo stored
- Source of underlying data: Internal company data
- Assumption: Average maximum capacity of the godown is 14,000 cubic meters (2025: 16,200 cubic meters)
- Purpose: Utilisation rate and average storage rent per cubic meter are the key drivers for performance

Management Discussion and Analysis

Property investment segment

During the year under review, the average occupancy rate of Lu Plaza declined to 83.8% (2025: 86.2%), reflecting the ongoing weakness in the office market and pressure on renewal rents. This trend was primarily due to a structural oversupply in the local office market and vacancy rates hovering at historical highs, placing downward pressure on the future recurring rental income of the properties. Amidst the challenges of a weak local business environment and tightened financing channels, market expectations for commercial real estate capitalisation rates generally adjusted upwards, leading to the continued softening of local commercial property valuations. The overall market environment continued to impact leasing performance and occupancy rates.

Total rental income for the year was HK\$104,752,000 (2025: HK\$110,930,000), representing a year-on-year decline of 5.6%. Among this, rental income from Lu Plaza, the Group's major investment property, was HK\$70,394,000 (2025: HK\$74,909,000), representing a year-on-year decline of 6.0%. Segment profit excluding fair value losses on investment properties (a non-HKFRS Accounting Standards financial measure) was HK\$56,890,000, down from HK\$62,506,000 in the Prior Year, which was due to a reduction in recurring income caused by the sluggish leasing market, coupled with an increase in property-related operating expenses during the year.

As of 31 March 2026, the fair value of the Group's investment properties was revalued at HK\$2,172,200,000 (31 March 2025: HK\$2,442,800,000), and the related loss on fair value changes of HK\$271,450,000 (2025: loss of HK\$395,313,000) has been recognised in profit or loss.

Methodology of calculating Key Performance Data:

- Definition and calculation: Average occupancy rate which is the percentage of lettable floor area occupied by existing tenants.
- Source of underlying data: Internal company data
- Purpose: Occupancy rate is the key driver for performance
- No changes have been made to the source of data or calculation methods used compared to 2025.

Treasury investment segment

During the year, the Group's treasury investments were mainly driven by the positive impact of the rebound and recovery in global and local securities markets. In response to the macroeconomic environment where external interest rates peaked and fell and interest income from bank fixed deposits narrowed significantly, the Group proactively optimised its treasury management strategy and increased its investment allocation to high-quality Hong Kong and overseas equity assets and diversified funds. This move was aimed at broadening the Group's diversified investment income sources and optimising the overall treasury yield by capturing market opportunities, thereby mitigating the impact of local economic headwinds on the property investment and godown operations segments.

Segment revenue from treasury investments (interest and dividend income) for the year was HK\$39,869,000 (2025: HK\$50,724,000), representing a year-on-year decrease of 21.4%. Among this, deposit interest income decreased from HK\$41,309,000 last year to HK\$26,682,000 due to the decline in external interest rates and the strategic redeployment of funds into financial instruments, while dividend income increased from HK\$6,300,000 last year to HK\$9,551,000, mainly benefiting from the Group's increased investment allocation to equity assets. However, buoyed by the rebound in the equity market, the core profit and loss performance of the segment was favourable, with the portfolio of financial assets at fair value through profit or loss recording an overall gain of HK\$67,903,000 (2025: HK\$33,140,000), representing a significant year-on-year surge of 104.9%. Among this, realised profit amounted to HK\$18,915,000 (2025: HK\$5,982,000), while unrealised profit on fair value changes, which accounted for the vast majority of the relevant segment gain, was HK\$48,988,000 (2025: HK\$27,158,000). Furthermore, the Group recorded a net foreign exchange gain of HK\$1,327,000 (2025: Nil) during the year.

Management Discussion and Analysis

As at 31 March 2026, the value of financial assets at fair value through profit or loss increased to HK\$356,093,000 (31 March 2025: HK\$316,994,000), representing a year-on-year increase of 12.3%. The expansion in asset scale was primarily driven by new investments in Hong Kong and overseas securities and diversified funds during the year, in addition to the rise in fair value.

FINANCIAL REVIEW

Operating costs

During the year, the Group continued to adopt prudent resource management and cost control strategies to optimise operational efficiency. Staff costs increased by 3.2% year-on-year to HK\$21,393,000 (2025: HK\$20,728,000), primarily due to normal annual salary adjustments for inflation. Depreciation expenses were HK\$18,357,000 (2025: HK\$21,878,000), representing a decrease of approximately 16.1% compared to last year, which was mainly because certain high-cost fixed assets had been fully depreciated in prior periods. Other operating and administrative expenses increased by 14.7% year-on-year to HK\$32,566,000 (2025: HK\$28,384,000); such increase was primarily attributable to the rise in daily operation and maintenance costs for the property portfolio, as well as higher legal and professional advisory fees incurred for routine commercial activities and due diligence conducted on potential investment projects.

Liquidity and financial resources

The Group continues to adopt a prudent financial management policy while maintaining a strong cash position. As at 31 March 2026, the total amount of bank and other deposits, along with cash and bank balances, increased to HK\$929,783,000 (31 March 2025: HK\$824,299,000), primarily in Hong Kong dollars, United States dollars, and Australian dollars. Sufficient cash reserves provide stability during market fluctuations and offer greater flexibility for potential investment opportunities in the future.

The Group primarily financed its operations through internal cash reserves and cash flows generated from operating activities. During the year, the recurring net cash inflow from operating cash flows before movements in working capital amounted to HK\$127,224,000 (2025: HK\$134,754,000), reflecting a 5.6% year-on-year decrease.

As at 31 March 2026, net current assets increased to HK\$1,229,247,000 (31 March 2025: HK\$1,104,335,000). The liquidity ratio (total current assets divided by total current liabilities), affected by changes in the current liabilities base, eased from 21.4 times as at 31 March 2025 to 18.0 times, while the overall liquidity remained at an exceptionally robust level.

During the year, the Group had no external bank loans or borrowings, maintaining a zero gearing ratio. As at 31 March 2026, the Group's net asset value stood at HK\$3,422,884,000 (31 March 2025: HK\$3,583,820,000). The Group possesses robust financial resources; its current internal cash reserves and recurring cash flows generated from operating activities are sufficient to support its daily operational needs in the future.

Capital commitments

As at 31 March 2026, the Group's capital and investment commitments in aggregate amounted to HK\$1,375,000 (2025: HK\$2,006,000), which primarily related to capital expenditure contracted for but not provided for in the consolidated financial statements, and commitments for capital contributions to unlisted investment funds. The above capital commitments will be fully funded by the Group's internal cash reserves.

Pledge of assets

As at 31 March 2026, the Group did not pledge any of its assets.

Contingent liabilities

As at 31 March 2026, the Group did not have any significant contingent liabilities.

Management Discussion and Analysis

PRINCIPAL RISKS AND UNCERTAINTIES

In general, the Group's principal assets and day-to-day business operations are concentrated in Hong Kong, and the vast majority of its revenue is derived from the local market. Consequently, structural changes in the supply and demand of the local warehousing business and office leasing market, movements in external and local interest rates, financial market volatility, and the overall business and policy environment in Hong Kong may have a material impact on the Group's operating results, financial position, and asset valuations. Specific principal risks faced by the Group in its ordinary course of business are discussed below; however, this list is not exhaustive of all potential variables, and the Group may still be affected by other unknown or unanticipated risks beyond those stated below.

Godown operations

The profound adjustments in the global supply chain landscape and geopolitical uncertainties continue to pose severe challenges to cross-border trade and the local logistics industry. In particular, shifts in trade tariff policies among major economies, inflationary pressures, and cyclical fluctuations in the consumer market directly affect the inventory management strategies and inventory turnover rates of core customers, including manufacturers, wholesalers, and retailers. Given that the Group's warehouse operating revenue is highly dependent on the business performance of our customers and fluctuations in the economic conditions of their respective industries, the management must closely monitor changes in market demand, flexibly optimise warehouse capacity allocation, and streamline resources to mitigate the potential downward pressure on core revenues.

Property investment

In the property investment segment, the local commercial office and industrial property markets are facing market pressures stemming from structural oversupply and persistently high overall vacancy rates. Affected by the subdued market sentiment, the rental levels and occupancy rates of the Group's major office property face downward pressure. To cope with the challenges of weak local public godown demand in recent years, the Group has actively pursued asset structural optimisation, progressively changing the usage of certain self-occupied floors in its godown buildings to investment properties for leasing purposes over the past few years, and plans to continuously push forward this spatial reallocation deployment in the future depending on the market demand of potential tenants. However, against the backdrop of the current sluggish overall business sentiment and the slowdown in the industrial leasing market, the effectiveness of this asset optimisation and spatial transformation strategy hinges heavily on the Group's ability to promptly identify and secure high-quality long-term tenants amid volatile market conditions.

Based on the aforementioned market variables, management cannot guarantee that existing tenants will renew their leases on the same terms upon expiry, nor can it ensure that newly released godown leasing spaces can be smoothly absorbed by the market at expected rental levels, thereby exposing the Group to potential risks of floor vacancy and pressure on core recurring rental income. Furthermore, under a cautious local financing environment, market expectations for commercial real estate capitalisation rates have generally adjusted upwards, causing the fair value of the Group's investment properties to face risks of non-cash revaluation loss. The management will closely monitor market dynamics, flexibly optimise the leasing portfolio and pricing strategies for industrial and office properties, and exert every effort to maintain the soundness of recurring cash flows from core assets.

Treasury investment

The performance of the portfolio of financial assets at fair value through profit or loss held by the Group is closely linked to the trends of global and local securities markets. In accordance with HKFRS Accounting Standards, fair value changes of such listed equities and fund investments, whether realised through disposal or not, must be immediately recognised in profit or loss, thereby constituting significant cyclicity and uncertainty to the Group's reported profits and comprehensive income.

Management Discussion and Analysis

In addition, changes in global and local monetary policies and interest rate trends also profoundly affect the Group's recurring income; for instance, the decline in fixed deposit interest rates during the year directly resulted in a material reduction in the Group's bank deposit interest income. In terms of foreign exchange risk, the Group's foreign currency risk primarily arises from its investment securities and deposits denominated in United States dollars. Although the Hong Kong dollar is currently pegged to the United States dollar, management continuously monitors the stability of this peg and considers that the relevant foreign exchange risk is currently not significant. However, the Group also holds deposits and investment securities denominated in Australian Dollar and Japanese Yen, and unanticipated fluctuations in external exchange rates will constitute potential foreign exchange risk exposure. The Group continuously monitors these risks and takes appropriate measures in a timely manner to effectively manage potential currency risks. The management will continue to adhere to defensive allocation principles, prudently monitor the overall risk exposure of the investment portfolio, and optimise the financial structure while safeguarding core capital.

The Group is exposed to financial risks associated with interest rate, foreign currency, equity price, liquidity, and credit risks in the ordinary course of its business. For details of such risks and the relevant management policies, please refer to Note 26 to the consolidated financial statements on pages 117 to 124.

COMPLIANCE WITH REGULATIONS

All the immovable assets and principal activities of the Group are located and carried out in Hong Kong. Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations, particularly those that have significant impact on the godown operations and property investment segments. Any changes in the applicable laws, rules and regulations affecting godown operations and property investment are brought to the attention of the management and operation teams from time to time. The Group is also committed to safeguarding the security of personal data. When collecting and processing such data, the Group complies with the Personal Data (Privacy) Ordinance and the guidelines issued by the Office of the Privacy Commissioner for Personal Data.

RELATION WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The management considers employees the key to sustainable business growth of the Group and is committed to providing all employees a safe and harassment-free work environment with equal opportunities in relation to employment, reward management, training and career development. Workplace safety is the primary consideration of the management. This is of paramount importance that health and safety measures are followed by employees in performing their duties to reduce work injuries. The Group has in place a fair and effective performance appraisal system and incentive bonus scheme designed to motivate and reward employees at all levels to deliver their best performance and achieve business performance targets. For continuous development, the Group offers job related trainings and provides sponsorships or subsidies to employees who are committed to professional development and training.

As at 31 March 2026, the Group employed 35 staff members (31 March 2025: 36). Total staff costs amounted to HK\$21,393,000 (2025: HK\$20,728,000). The Group's remuneration policy is reviewed regularly based on the nature of work, market trends, company performance, and individual employee performance. The Group does not operate any employee share scheme.

Management Discussion and Analysis

Customer relationship is one of the key elements of our businesses. The Group fully understands this principle and thus maintains good relationship with customers to fulfil their immediate and long-term needs. For customers of godown operations, high quality services are delivered to meet their needs. For property investment, the Group engaged a quality property management company to manage its major investment properties. Tenant needs and feedback are communicated through the property management company from time to time to cater for tenants' requirements and ensure their satisfaction.

Due to the nature of its businesses, the Group does not have any major supplier that has significant influence on its operations. However, the Group strives to maintain fair and co-operating relationship with the suppliers. The selection of major suppliers or contractors is conducted through tendering process in the normal course of the Group's businesses. The management of the Group also regularly reviews the procurement and tendering procedures to ensure that the processes are conducted in an open and fair manner.

DIVIDEND POLICY

It is the Board's intention to provide the Shareholders with a relatively consistent long-term dividend income. The Group generally provides the Shareholders with relatively generous dividend payments. The Board will try to maintain the dividend payment at a reasonable level based on the business environment and the performance of the Group but should not be deemed to constitute a legal binding commitment on the part of the Board.

For the details of the dividend paid and proposed dividend for the year, please refer to the Dividends section under Chairman's Statement on pages 6 to 7.

CLOSURE OF MEMBERS REGISTER

To ascertain the Shareholders' entitlement to attend, speak and vote at the annual general meeting, the Register of Members will be closed from Tuesday, 11 August 2026 to Friday, 14 August 2026, both days inclusive, during which period no transfer of shares can be registered. The record date for the annual general meeting will be Tuesday, 11 August 2026. In order to be eligible to attend, speak and vote at the annual general meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, 10 August 2026.

To ascertain the Shareholders' entitlement to the proposed final dividend, the Register of Members will be closed from Thursday, 27 August 2026 to Wednesday, 2 September 2026, both days inclusive, during which period no transfer of shares can be registered. The record date for the proposed final dividend will be Wednesday, 2 September 2026. In order to qualify for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 26 August 2026.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Board of Directors (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 of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) that were in force throughout the year ended 31 March 2026 except for the following deviations from code provisions C.2.1 to C.2.9, C.3.3 and C.6.3, which were re-complied on 1 July 2025.

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 had remained vacant until the appointment of Mr. Lu Wing Yee, Wayne as the Chairman of the Board and Ms. Lu Wing Man, Melissa as the Managing Director on 1 July 2025. During the period up to 30 June 2025, the Board collectively performed the responsibilities of the Chairman, and with the assistance of the senior management, the Executive Directors continued to monitor the businesses and operations of the Group. As such, the Company re-complied with Code Provisions C.2.1 to C.2.9 from 1 July 2025 onwards.

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 during the period up to 30 June 2025. On 1 July 2025, formal letters of appointments were signed between the Company and each Director. As such, the Company re-complied with Code Provision C.3.3 from 1 July 2025 onwards.

CG Code Provision C.6.3 stipulates that the company secretary should report to the chairman of the board and/or the chief executive. As the positions of the Chairman of the Board and the Chief Executive Officer were vacant during the period up to 30 June 2025, the Company Secretary reported to the Executive Directors of the Company. Upon the filling of such vacancies on 1 July 2025, the Company has re-complied with Code Provision C.6.3 from 1 July 2025 onwards.

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.

CORPORATE CULTURE AND VALUES

The Board sets the tone at the top and defines the Company’s vision, mission, values and strategies so as to develop the Company’s corporate culture to support its long-term sustainable development. The Board is responsible for evaluating and ensuring that the corporate culture, vision, mission, values and strategies are aligned.

Integrity and code of conduct

The Company emphasises the importance of high standards of business ethics and corporate governance across all operations and staff at all levels are required to act lawfully and ethically in all respects with the highest standards of code of conduct set out in the Company’s employee handbook, anti-corruption policy and whistleblowing policy.

Corporate Governance Report

Customer services and workforce development

The Company is committed to workforce development, workplace safety and health, diversity and sustainability, and strives to exceed customers' expectations and deliver high quality services through our well-equipped and productive workforce. We provide trainings and offer staff welfare to promote a continuous learning environment for our staff with the aim to develop long-term, steady and sustainable growth of the Company.

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 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 year ended 31 March 2026.

BOARD OF DIRECTORS

The Board is currently composed of two Executive Directors, one Non-executive Director and three Independent Non-executive Directors. Half of the Board members are Independent Non-executive Directors who enable the Board to exercise independent judgement effectively. An updated list of Directors of the Company and their respective roles and functions has been maintained on the websites of the Company and the Stock Exchange. The composition of the Board during the year is shown below.

Save for the family relationship between Mr. Lu Wing Yee, Wayne and Ms. Lu Wing Man, Melissa as disclosed in the biographical details, there is no financial, business, family and other material relationship among members of the Board. Biographies of the Directors are set out on pages 3 to 4 under the subject Biographical Information of Directors and Senior Management.

The Company held an annual general meeting and five board meetings during the year. Details of Directors' attendance records are as follows:

Directors	Attendance/Number of meetings held during term of office within the year	
	Board Meetings	Annual General Meeting
<i>Executive Directors</i>		
Mr. Lu Wing Yee, Wayne (<i>Chairman</i>)	5/5	1/1
Ms. Lu Wing Man, Melissa (<i>Managing Director</i>)	5/5	1/1
<i>Non-executive Director</i>		
Mr. Lee Ka Sze, Carmelo	5/5	1/1
<i>Independent Non-executive Directors</i>		
Mr. Lam Ming Leung	5/5	1/1
Mr. Leung Man Chiu, Lawrence	5/5	1/1
Mr. Wong Wilkie	5/5	1/1

Board members are supplied with agenda and comprehensive Board papers in respect of regular Board meetings at least three days before the intended date of meeting. Board minutes are sent to all Directors within a reasonable time after each Board meeting for their comments and records.

Responsibilities over day-to-day operations are delegated to the management under the leadership of the Executive Directors. The Board meets regularly to review the overall strategy and to monitor the operation as well as the financial performance of the Group.

Corporate Governance Report

There is a clear division of responsibilities between the Board and the management. The Board is responsible for providing high-level guidance and effective oversight of management while day-to-day management of the Group is delegated to the management team of each respective subsidiary. Generally speaking, the Board is responsible for:

- formulating the Group's long-term strategy and monitoring the implementation thereof;
- approval of interim and final dividends;
- reviewing and approving the circular, proxy form, announcements, annual and interim reports;
- ensuring good corporate governance and compliance;
- monitoring the performance of the management;
- reviewing and approving any material acquisition and assets disposal; and
- overseeing the management in the design, implementation and monitoring of the risk management and internal control systems on an ongoing basis.

Each of the Independent Non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board through the Remuneration and Nomination Committee, has assessed their independence and concluded that all the Independent Non-executive Directors are independent.

The Directors have a balance of skills and experience and diversity of perspective appropriate to the requirements of the Group's businesses. All Directors have full access to accurate, relevant and timely information of the Group through management and are able to obtain independent professional advices on issues whenever deemed necessary by the Directors at the expense of the Company.

MECHANISM ON INDEPENDENT VIEWS TO THE BOARD

The Company recognises that Board independence is critical to good corporate governance. The Board has established a mechanism to enable Directors to seek independent professional advice when exercising Directors' duties to ensure a strong independent element to the decision made by the Board which is key to an effective Board.

According to the mechanism, subject to the prior approval by any one of the executive Directors of the Company (which approval shall not be unreasonably withheld or delayed), the Directors may seek independent legal, financial or other professional advice from advisors independent of those advising the Company as and when necessary in appropriate circumstances to enable them to discharge their responsibilities effectively, either on the Company's affairs or in respect of their fiduciary or other duties, at the Company's expense. In case the Board is seeking independent professional advice, prior approval must be given by any one of the executive Directors of the Company (which approval shall not be unreasonably withheld or delayed).

The Board will review this mechanism on an annual basis to ensure the implementation and effectiveness of this mechanism.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

Directors are provided with timely updates on changes in laws and compliance issues relevant to the Group. The Company also encourages its Directors to enroll in relevant professional development courses to continually update and further improve their relevant knowledge and skills.

The Company has provided funding to encourage the Directors to participate in professional development courses and seminars to develop and refresh their knowledge and skills.

Corporate Governance Report

All Directors have declared that they have attended training during the year ended 31 March 2026 and the training received by each Director during the year ended 31 March 2026 is summarized as below:

Name of directors	Regulatory update and corporate governance matters	
	Reading materials	Attendance on seminars/internal discussions meetings
<i>Executive Directors</i>		
Mr. Lu Wing Yee, Wayne (<i>Chairman</i>)	✓	-
Ms. Lu Wing Man, Melissa (<i>Managing Director</i>)	✓	✓
<i>Non-executive Director</i>		
Mr. Lee Ka Sze, Carmelo	✓	✓
<i>Independent Non-executive Directors</i>		
Mr. Lam Ming Leung	✓	-
Mr. Leung Man Chiu, Lawrence	✓	✓
Mr. Wong Wilkie	✓	-

CHAIRMAN AND CHIEF EXECUTIVE

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.

The late Mr. Lu Sin, the founder of the Group, assumed the roles of both the Chairman and Managing Director of the Company. Following the passing away of Mr. Lu Sin on 5 April 2015, the positions of the Chairman and the Chief Executive Officer of the Company had remained unfilled until the appointment of Mr. Lu Wing Yee, Wayne as Chairman and Ms. Lu Wing Man, Melissa as Managing Director on 1 July 2025. During the transition period from 5 April 2015 to 30 June 2025, the Board collectively focused on the overall strategic planning and development of the Group and effective functioning of the Board, while the Executive Directors, with the assistance of the senior management, continued to oversee the day-to-day management of the business and operations of the Group. Since 1 July 2025 and as at the date of this report, the roles of the Chairman and Chief Executive Officer (designated as Managing Director) have been separate and distinct, and the division of responsibilities has been clearly established.

NON-EXECUTIVE DIRECTORS

There are currently four Non-executive Directors, three of them are Independent Non-executive Directors. All the Non-executive Directors are subject to retirement by rotation at least once every three years. They have brought independent judgement and provided the Group with invaluable guidance and advice on the Group's development.

BOARD COMMITTEES

The Board established two committees, the Remuneration and Nomination Committee and the Audit Committee, each of which has its specific written terms of reference.

Corporate Governance Report

REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee was established in April 2004. A majority of the members are Independent Non-executive Directors. The Remuneration and Nomination Committee currently comprises five members including one Executive Director, one Non-executive Director and three Independent Non-executive Directors. The Committee is chaired by Mr. Lam Ming Leung. The other members are Ms. Lu Wing Man, Melissa (appointed as member on 1 July 2025), Mr. Lee Ka Sze, Carmelo, Mr. Leung Man Chiu, Lawrence and Mr. Wong Wilkie (appointed as member on 1 July 2025).

The Remuneration and Nomination Committee is responsible for making recommendations to the Board on issues including new appointment and re-appointment of Directors and senior management; review management succession planning for senior management of the Company; formulate, review and make recommendation to the Board on the remuneration policy and packages of all Directors and senior management; and review and approve roles and responsibilities, compensation packages and performance assessment of employees of the Group.

New Directors are sought mainly through referrals and internal promotions. In evaluating whether an appointee is suitable to act as a director, the Board will review the independence, experience and skills of the appointee as well as personal ethics, integrity and time commitment of the appointee. The nomination process, selection criteria and succession planning are set out in the policy for nomination adopted by the Board (the "Nomination Policy"). The emoluments of Directors are based on the skill, knowledge and involvement in the Company's affairs of each Director and are determined by reference to the Company's performance and profitability.

In accordance with the Nomination Policy, the Remuneration and Nomination Committee has been appointed to identify persons with suitable qualifications to become members of the Board and to make choices or to make recommendations to the Board on the selection of persons nominated for directorship. The Board is responsible for the final selection and appointment of new directors.

The Remuneration and Nomination Committee should use a variety of methods to identify candidates for directorship, including recommendations from board members, management and professional headhunting companies. In addition, the Remuneration and Nomination Committee will consider the candidates for directors formally submitted by the shareholders of the Company.

The Remuneration and Nomination Committee's assessment of candidates may include (but is not limited to) reviewing resumes and work experience, personal interviews and conducting background checks. The Board will consider the recommendations of the Remuneration and Nomination Committee and will be responsible for designating candidates as proposed directors to be elected by shareholders at the general meeting of the Company, or appointing suitable candidates to serve as directors to fill vacancies on the Board or as additional Board members (in compliance with the articles of association of the Company).

The Remuneration and Nomination Committee shall consider the following qualifications as the minimum qualification required to recommend candidates to the Board for new appointment or re-election:

- Highest personal and professional conduct and integrity;
- Nominees' outstanding personal achievements and abilities and their ability to make sound business judgments;
- Skills that complement the existing board;
- Ability to assist and support management and make a significant contribution to the success of the Company;
- Understand the time and effort required for board members to be trusted and to perform their duties diligently; and
- Independence: Candidates for independent non-executive directors should meet the "independence" criteria set out in the Listing Rules and the composition of the Board complies with the provisions of the Listing Rules.

The Committee shall consider other factors as it considers appropriate to the best interest of the Company and shareholders.

Corporate Governance Report

During the year, one meeting was held and the attendance records of individual members at Remuneration and Nomination Committee meeting are as follows:

Members	Number of meetings attended/held during term of office within the year
Mr. Lam Ming Leung (<i>Chairman of the Committee</i>)	1/1
Mr. Lee Ka Sze, Carmelo	1/1
Mr. Leung Man Chiu, Lawrence	1/1
Ms. Lu Wing Man, Melissa (appointed as member on 1 July 2025)	N/A
Mr. Wong Wilkie (appointed as member on 1 July 2025)	N/A

The work done by the Remuneration and Nomination Committee during the year includes the following:

- (a) making recommendation to the Board on the re-appointment of retiring Directors;
- (b) assessing the independence of the Independent Non-executive Directors;
- (c) reviewing and approving the annual salary and bonus for staff of the Group;
- (d) reviewing and recommending the remuneration to the Executive Directors and senior management; and
- (e) making recommendation to the Board on the remuneration for Non-executive Directors.

The Remuneration and Nomination Committee is provided with sufficient resources, including the advice of professional firms, if necessary, to discharge its duties.

The remuneration of the members of the senior management (including Executive Directors) by band for the year ended 31 March 2026 is set out below:

Remuneration bands (HK\$)	Number of person(s)
Nil to 1,000,000	2
1,000,001 to 2,000,000	1
2,000,001 or above	1

DIRECTORS' REMUNERATION POLICY

The Company has established a formal and transparent policy on Directors' remuneration and other remuneration related matters. Such remuneration policy is to ensure that all Directors are sufficiently compensated for their efforts and time dedicated to the Company and remuneration offered is appropriate for their duties and in line with market practice. No Director, or any of his/her associates, is involved in deciding his/her own remuneration.

The principal terms of such policy are as follow:

- (a) Independent non-executive Directors and non-executive Director receive a basic fee and are not covered by any type of incentive or performance-related remuneration. Such basic fee is set at a level that reflects the competencies and contribution required in view of the Group's complexity, the extent of the responsibilities and the Board meetings or relevant meetings of the Board committee(s) that he or she has to attend. In addition to the basic fee, independent non-executive Directors and non-executive Director receive compensation for being chairman or member of the Board committee(s) if he or she is not the Chairman of the Board. Generally, the Company shall not grant equity-based remuneration with performance related elements to independent non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence while such restriction does not apply to non-executive Director.

Corporate Governance Report

- (b) When executive Directors are employed on a contractual basis, their remunerations are fixed according to current market rates and conditions in Hong Kong and subject to reassessment annually or periodically, as mutually agreed between the Company and executive Directors. The Remuneration and Nomination Committee should consult the Board about its proposal relating to the remuneration of executive Directors and have access to professional advice if considered necessary.

BOARD DIVERSITY POLICY

The Company has formulated the board diversity policy aiming at setting out the approach on diversity of the Board.

The Board recognises the importance of having a diverse Board in enhancing the Board's effectiveness and corporate governance. A diverse Board will include and make good use of differences in the skills, industry knowledge and experience, education, background and other qualities, etc. of Directors and does not discriminate on the ground of race, age, gender or religious belief. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately.

The Remuneration and Nomination Committee has responsibility for identifying and nominating for approval by the Board, candidates for appointment to the Board. It takes responsibility in assessing the appropriate mix of experience, expertise, skills and diversity required on the Board and assessing the extent to which the required skills are represented on the Board and reviewing effectiveness of the Board.

The Remuneration and Nomination Committee is also responsible for reviewing and reporting to the Board in relation to Board diversity. Board appointments will be based on the requirements set out in the Nomination Policy and candidates will be considered regarding for the necessary qualifications and benefits of diversity on the Board.

The Board of the Company is not a single gender Board. The Board considers that Board diversity is a vital asset to the business.

At present, the Remuneration and Nomination Committee has not set any measurable objectives to implement the board diversity policy. However, it will consider and review the board diversity policy and setting of any measurable objectives from time to time.

Gender diversity at workforce levels (including our senior management) is disclosed in the Environmental, Social and Governance Report in this annual report. The Company will continue to monitor and evaluate the diversity policy from time to time to ensure its continued effectiveness.

AUDIT COMMITTEE

The Audit Committee currently comprises three Independent Non-executive Directors and one Non-executive Director. The Committee is chaired by Mr. Leung Man Chiu, Lawrence. The other members are Mr. Lam Ming Leung, Mr. Lee Ka Sze, Carmelo and Mr. Wong Wilkie. Mr. Leung, the Chairman of the Audit Committee, possesses appropriate professional qualifications or accounting or related financial management expertise as required by the Listing Rules.

The Company has complied with Rule 3.21 of the Listing Rules which requires that the audit committee (i) has a minimum of three non-executive directors, (ii) must be chaired by an independent non-executive director, (iii) at least one of the audit committee members is an independent non-executive director who possesses appropriate professional qualifications or accounting or related financial management expertise, and (iv) a majority of the audit committee members are independent non-executive directors.

Throughout the year, the Audit Committee discharged the duties and responsibilities under its terms of reference and the CG Code. The terms of reference of the Audit Committee are available on the website of the Company and the Stock Exchange.

Corporate Governance Report

Under its terms of reference, the Audit Committee is required to oversee the relationship between the Company and its external auditors, review the Group's preliminary interim and annual results, and interim and annual financial statements, monitor the corporate governance of the Group including compliance with statutory and Listing Rules requirements, review the scope, extent and effectiveness of the Group's financial reporting system, risk management and internal control systems, engage independent legal and other advisers as it determines to be necessary.

During the year, two meetings were held and the attendance records are as follows:

Members	Number of meetings attended/held during term of office within this year
Mr. Leung Man Chiu, Lawrence (<i>Chairman of the Committee</i>)	2/2
Mr. Lee Ka Sze, Carmelo	2/2
Mr. Lam Ming Leung	2/2
Mr. Wong Wilkie	2/2

The Audit Committee assists the Board in discharging its responsibilities for maintaining an effective risk management and internal control system. It receives and considers the presentations of the management in relation to the reviews on the effectiveness of the Group's risk management and internal control systems, review the completeness, accuracy and fairness of the Company's financial statements, to review the interim and final financial statements before their submission to the Board and the annual general meeting for approval, and to make recommendation on the appointment of external auditor and approve the remuneration and terms of engagement of external auditor. The Audit Committee is provided with sufficient resources, including independent access to and advice from external auditors.

All matters raised by the Audit Committee have been addressed by the management. The work and findings of the Audit Committee have been reported to the Board. During the year, no issues brought to the attention of the management and the Board were of sufficient importance to require disclosure in the Annual Report.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions as set out in the code provision A.2.1 of the CG Code. During the year, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance with the Model Code and Written Employee Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

CONSTITUTIONAL DOCUMENT

On 15 August 2025, a special resolution had been passed at the annual general meeting to adopt the new articles of association of the Company in substitution for the existing articles of association of the Company. Details of the amendments to the existing articles of association of the Company were set out in Appendix V to the circular to shareholders of the Company dated 10 July 2025.

The constitutional documents of the Company can be found on the websites of the Company and the Stock Exchange.

AUDITOR'S REMUNERATION

The Board agrees with the Audit Committee's recommendation for the re-appointment of Deloitte Touche Tohmatsu ("Deloitte") as the Group's external auditor for financial year 2026/27. The recommendation will be presented for the approval of shareholders at the Annual General Meeting to be held on 14 August 2026.

Corporate Governance Report

During the year, fees paid/payable to Deloitte for providing audit services and non-audit services are as follows:

Nature of services	For the year ended 31 March	
	2026 HK\$	2025 HK\$
Review fee for interim results	240,000	233,800
Audit fee for annual results	1,314,000	1,288,000
Taxation consultancy services fee	191,100	188,300
Internal control assessment and enterprise risk management advisory services	90,000	90,000
Consultancy service for Environmental, Social and Governance Reporting	128,000	90,000
Total audit and non-audit services	<u>1,963,100</u>	<u>1,890,100</u>

ACCOUNTABILITY

The Board is accountable for the proper stewardship of the Group's affairs, and the Directors acknowledge their responsibility for preparing the financial statements of the Company in accordance with generally accepted accounting standards in Hong Kong, the requirements of the Listing Rules and applicable laws as well as the integrity of the financial information so reported. Such responsibility is extended to cover not only the annual and interim reports but also announcements and other financial disclosures of the Company required under the Listing Rules.

The financial statements are prepared on a going concern basis. The Directors confirm that, to the best of their knowledge, they are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The external auditor has a primary responsibility for auditing and reporting on the financial statements and the Report of the Independent Auditor to the shareholders is set out on pages 79 to 82 of this Annual Report. The management of each business within the Group provides the Directors with such information and explanations necessary to enable them to make an informed assessment of the financial and other information put before the Board for approval.

RISK MANAGEMENT AND INTERNAL CONTROLS

Group Risk Management

The Board has overall responsibilities for maintaining sound and effective risk management and internal control systems of the Group. The Audit Committee assisted the Board to fulfill its responsibility. The review of risk management and internal control will be conducted at least annually. The Board recognizes that risk taking is unavoidable as part of the Group's business. By appropriate risk management and continuous risk monitoring, risk taking can bring value to the Company. The Board believes that risks are acceptable after prudent assessment of their impact and likelihood. The Company can protect its assets and shareholders' interests and create value simultaneously through appropriate risk management and control measures. The system includes a defined management structure with limits of authority, safeguards its assets against unauthorised use or disposition, ensures the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensures compliance with relevant laws and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage the risks of failure in the Group's operational systems and in the achievement of the Group's objectives.

Corporate Governance Report

Risk assessment approach and Risk identification

The Board has the oversight responsibility for evaluating and determining the nature and extent of the risks facing the Group and reviewing and monitoring the Group's approach to addressing these risks at least annually. In addition, the Board oversees management in the design, implementation and monitoring of the risk management and internal control systems.

A risk management program was carried out during the year to ensure all material risks to which the Company exposed are properly identified, assessed, managed, monitored and reported to the Audit Committee and the Board. Risks identification is based on questionnaire with senior management from different departments. Risks are preliminarily identified by senior management from the risk universe which is a collection of risks built on environmental analysis and external benchmarking that can impact the Group at the entity or specific business process level. The risk universe covers both internal and external risks in four major areas, namely strategic risks, operational risks, financial risks and legal and compliance risks. Key risk factors are then identified by integrating the results of the questionnaire.

Risk evaluation and Risk prioritisation

Risk evaluation is the second step to assess the relative impact and likelihood of the identified key risk factors. These identified key risk factors are further assessed by a scale rating process by the senior management to evaluate their impact and likelihood. The scale rating process is further supported by face-to-face or phone interview with the senior management to assess the rationales of these identified key risk factors behind.

Risk prioritisation is a mapping exercise. A risk map is used to prioritise the identified key risk factors according to their impact and likelihood.

Risk reporting, managing and monitoring

Risk reporting and risk monitoring are essential and integral parts of risk management. A risk assessment report was submitted to the Audit Committee and the Board. The risk assessment report was compiled to cover: (i) the top risks of the Group; and (ii) associated action plans and controls designed to mitigate the top risks, where applicable, at appropriate levels. The management will perform the ongoing assessment to update the entity-level risk factors and report to the Board on a regular basis.

Handling and dissemination of inside information

The Company is committed to a consistent practice of timely, accurate and sufficiently detailed disclosure of material information about the Group. The Company has adopted an inside information disclosure policy which sets out the obligations, guidelines and procedures for handling and dissemination of inside information. With these guidelines and procedures, the Group has management controls in place to ensure that potential inside information can be promptly identified, assessed and escalated for the attention of the Board to decide about the need for disclosure.

The handling and dissemination of inside information of the Group is strictly controlled and remains confidential including but not limited by the following ways:

1. Restrict access to inside information to a limited number of employees on a need-to-know basis;
2. Employees who are in possession of inside information are reminded that they shall be fully conversant with their obligations to preserve confidentiality;
3. Ensure appropriate confidentiality agreements are in place when the Group enters significant negotiations or dealings with third parties; and
4. Inside information is handled and communicated by designated persons to outside third parties.

Corporate Governance Report

Internal Audit Function

An independent professional firm has been appointed as the Group outsourced internal audit function (the “IA Function”) to assist the Board in conducting a review of certain key business processes of the internal control system of the Group. The scope of the internal audit review carried out during the year includes: a) scoping and planning audit locations as agreed with the Audit Committee and the Board; b) review of the design of internal control system by identifying the key controls in place and determining significant gaps within the design of the controls; c) testing of the key controls; and d) reporting to and making recommendations to the Audit Committee on the major design weaknesses in order to enhance the internal control of operation procedures, systems and controls. The internal control system is reviewed annually by the Board through the Audit Committee.

During the year, the IA Function has carried out review of the following processes of the Group:

1. Corporate level controls; and
2. Fixed assets management.

The report with recommendations had been submitted to the Audit Committee and the Board and follow-up action has been taken based on recommendations, which have been monitored by the Board.

Whistleblowing Policy and Anti-corruption Policy

To achieve and maintain the highest standards of openness, probity and accountability, the Company adopted a whistleblowing policy. This policy aims to govern and deal fairly and properly with concerns raised by the Company’s employees and stakeholders about any suspected misconduct or malpractice regarding financial reporting, internal control or other matters within the Company.

To achieve and conduct business honestly, ethically and with integrity, the Company adopted an anti-corruption policy. This policy aims to set out the responsibilities of all business units and employees of the Group to comply with the applicable anti-corruption law, rules and regulations. The Group adopts a zero-tolerance principle against corrupt practices.

Further disclosures of whistleblowing and anti-corruption are set out in the Environmental, Social and Governance Report in this annual report.

Management’s confirmation on risk management

Based on the risk management mechanism and internal audit review activities mentioned in the aforesaid paragraphs, the management made a confirmation to the Board that the Company had maintained an effective risk management mechanism and internal control system during the financial year ended 31 March 2026.

In view of the above arrangement in place, the Company considers that its risk management and internal control systems are effective and adequate.

COMMUNICATION WITH SHAREHOLDERS

The Company has adopted the shareholders communication policy (the “Shareholders Communication Policy”) with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company.

Corporate Governance Report

In addition to sending annual reports, interim reports, circulars and notices to the shareholders, the Company also makes these materials, which contain extensive information about the Group's activities, timely available for access by shareholders at both the Stock Exchange's and the Company's own websites.

The Company encourages the shareholders to attend annual general meetings and all its other shareholders' meetings (if any) to discuss progress and matters. Directors are available at these meetings to answer shareholders' questions. In accordance with Rule 13.39(4) of the Listing Rules, all the resolutions to be proposed at the 2026 Annual General Meeting will be decided on poll. The Company's share registrar will act as the scrutineer for the vote-taking, the voting results of which will be announced by the Company in accordance with the Listing Rules as soon as possible on the websites of the Stock Exchange and the Company respectively. The Chairman of shareholders' meeting will ensure that any vote of shareholders at the 2026 Annual General Meeting (and any other shareholders' meetings) will be taken by poll in compliance with the said Rule 13.39(4) of the Listing Rules.

During the year, the Board has reviewed the implementation and effectiveness of the shareholders' communication policy and was satisfied with the said policy and considered the overall communication with shareholders was effective with the variety of communication channels provided above.

SHAREHOLDERS' RIGHTS

(a) General meeting on requisition by shareholders

Pursuant to Section 566 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) ("Companies Ordinance"), shareholder(s) representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings of the company can make a request to call a general meeting.

The request:

- (i) must state the general nature of the business to be dealt with at the meeting;
- (ii) may include the text of a resolution that may properly be moved and is intended to be moved at the meeting;
- (iii) may consist of several documents in like form;
- (iv) may be sent in hard copy form or in electronic form; and
- (v) must be authenticated by the person or persons making it.

Pursuant to Section 567 of the Companies Ordinance, directors must call a general meeting within 21 days after the date on which they become subject to the requirement and the meeting so called must be held on a date not more than 28 days after the date of the notice convening the meeting.

Pursuant to Section 568 of the Companies Ordinance, if the directors do not do so, the shareholders who requested the meeting, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a general meeting. The meeting must be called for a date not more than 3 months after the date on which the directors become subject to the requirement to call a meeting. The Company must reimburse any reasonable expenses incurred by the shareholders requesting the meeting by reason of the failure of the directors duly to call the meeting.

Corporate Governance Report

(b) Procedures for putting forward enquires to the Board

Shareholders may put forward enquiries to the Board through the Company Secretary who will direct the enquiries to the Board for handling. The contact details of the Company Secretary are as follows:

Company Secretary
Safety Godown Company, Limited
Unit 1801, 18/F., Lu Plaza,
2 Wing Yip Street,
Kwun Tong, Kowloon, Hong Kong

Email: info@safetygodown.com.hk
Telephone: (852) 2622 1100
Facsimile: (852) 2598 6123

(c) Putting forward proposal at annual general meeting (“AGM”)

Pursuant to Section 615 of the Companies Ordinance, shareholder(s) can make a request to circulate a notice of a resolution that may properly be moved and is intended to be moved at an AGM. The request must be made by:

- (i) shareholder(s) representing at least 2.5% of the total voting rights of all shareholders who have a right to vote on the resolution at the AGM to which the request relates; or
- (ii) at least 50 shareholders who have a right to vote on the resolution at the AGM to which the request relates.

The request:

- (i) may be sent to the Company in hard copy form or in electronic form;
- (ii) must identify the resolution of which notice is to be given;
- (iii) must be authenticated by the person or persons making it; and
- (iv) must be received by the Company not later than 6 weeks before the AGM to which the request relates or if later, the time at which notice is given of that AGM.

(d) Procedure for shareholders to propose a person for election as a director

According to Article 82A of the Articles, a notice signed by a shareholder of his/her intention to propose a person for election and also a notice signed by the person (the “Candidate”) to be proposed of his/her willingness to be elected shall be lodged at the registered office of the Company no earlier than the day after the despatch of the notice of the general meeting appointed for such election and no later than 7 days prior to the date of such general meeting.

The Candidate is required to provide his/her biographical details as set out under Rule 13.51(2) of the Listing Rules.

The Remuneration and Nomination Committee, where applicable, will review and make recommendations to the Board on the selection of any individuals nominated for directorships in accordance with the terms of reference of the Remuneration and Nomination Committee, the nomination policy and the board diversity policy.

The Company will, where appropriate, issue a circular or supplementary circular (as the case may be) which shall include the name of the Candidate together with his/her biographical details as set out in Rule 13.51(2) of the Listing Rules to the shareholders for them to make decision on their election at a general meeting.

Corporate Governance Report

COMPANY SECRETARY

The Company engages an external service provider, Ms. Mui Ngar May, Joel, as its company secretary. Ms. Mui possesses the necessary qualification and experience, and is capable of performing the functions of the company secretary. Mr. Lu Wing Yee, Wayne, Chairman and Executive Director of the Company is the primary contact person whom Ms. Mui contacts. Ms. Mui has confirmed that she has taken no less than 15 hours of relevant professional training during the year.

INVESTOR RELATIONS

The general meetings of the Company provide a platform for communication between the shareholders and the Board. Our Directors are available at the shareholders' meetings of the Company to answer questions and provide information which shareholders may enquire. The Company continues to enhance communications and relationships with its investors. Enquiries from investors are dealt with in an informative and timely manner.

Taking advantages of various resources, the Company keeps communicating with its shareholders regularly and properly to ensure that shareholders are adequately aware of any important issues during the course of the Company's operation, and then exercise their rights as shareholders with sufficient knowledge.

The Company continues to promote investor relations and enhance communication with the existing shareholders and potential investors. The Company welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's registered office in Hong Kong.

DIVIDEND POLICY

It is the intention of the Board to provide its shareholders with relatively consistent dividend income over the long term and to maintain the dividend payment at a satisfactory level based on the business environment and the performance of the Group but this does not constitute a legally binding commitment on the part of the Board. Declaration, recommendation and payment of dividends shall be subject to the approval of the Board, based on the suggestion of the management, according to the results of operations, working capital, financial position, future prospects, and capital requirements, as well as any other factors which the Board may consider relevant from time to time. Any future declaration, recommendation and payment of dividends may or may not reflect the historical declarations and payments of dividends and will be at the absolute discretion of the Board.

SOCIAL RESPONSIBILITIES AND ENVIRONMENTAL POLICIES

In a rapidly changing era, the value of an enterprise lies not in how fast it goes, but in how far it can go. The Group regards sustainable development as a part of its corporate culture. From daily operations to long-term strategies, we adhere to the philosophy of "people-oriented, environment-first," integrating sustainable development into our daily operations. From internal management to community involvement, we drive positive change with a responsible attitude.

In terms of environmental policies, the Group actively implements diversified environmental protection measures, integrating sustainable concepts into daily operations, which include the following three major areas:

1. Energy Saving and Carbon Reduction

The Group actively promotes energy efficiency optimization, gradually replacing LED lighting systems and selecting electrical appliances with Grade 1 energy efficiency labels to reduce electricity consumption from the details of daily operations. We have also responded to the "Earth Hour" campaign organized by the World Wide Fund for Nature (WWF) for years in a row, encouraging employees and partners to participate together and integrate environmental concepts into life and work. At the same time, the Group has added electric vehicle charging stations in the building to support low-carbon travel infrastructure, promoting the development of green transportation with real actions, which is widely supported by tenants and visitors as reflected by its usage.

Corporate Governance Report

2. Resource Recycling

The Group actively promotes resource recycling. In addition to setting up segregated recycling facilities on each floor of the building, we cooperate with accredited recyclers to launch festive-themed recycling activities for red packets, mooncake boxes, natural Christmas trees, and peach blossoms. This ensures that recycled items are properly processed, integrating environmental awareness into community life and working together to implement sustainable resource management in everyday life.

3. Low-Carbon Transformation

In respect of operational equipment, the Group continues to drive green transformation, prioritizing usage of electric forklifts vs LPG forklifts in warehouses. This move not only helps reduce carbon emissions but also improves the air quality of the working environment, creating a safer and healthier workplace for employees.

The Group has been awarded the “20 Year Plus Caring Company” logo by The Hong Kong Council of Social Service for consecutive years, and this recognition witnesses our persistence in social participation.

The Group focuses on three major directions, allocating resources to where they are needed most:

1. Caring for Employees

- We have established scholarship and grant allowances for employees' children for many years, aiming to alleviate the financial burden on employees when supporting their children's education.
- Supplementing a health check allowances on top of the company's medical insurance, so as to encourage employees to pay early attention to their physical health conditions.
- Granting special allowances to warehouse colleagues for emergency duty attendance during certain extreme weather conditions.

2. Caring for the Community

- The Group's volunteer teams regularly and actively participate in community services. This is part of our corporate commitment in serving the underprivileged groups with love and care through practical actions.
- Organizing annual blood donation drive to respond to the need maintain adequate blood supplies. Not only do we provide free venue to the Hong Kong Red Cross, we encourage our employees and tenants to participate. Donors were awarded gifts or commemorative souvenirs as a token of appreciation.
- Actively participate in events hosted by The Community Chest to support the development of social welfare services.
- Providing building event venues free of charge to charitable organizations to host activities, encouraging stakeholders to walk into the community and participate in diverse social projects.
- Sponsoring various social welfare organizations through donations, converting resources into support for underprivileged groups, so that community services can be continuously advanced.

Corporate Governance Report

- In the year 2025-26, regarding the Tai Po Wang Fuk Court incident, the Group, jointly with the Lu Family's companies and its related charitable foundations, donated a total of approximately HK\$1 million to work together to provide financial and material support to the affected community. The funds have been allocated to multiple organizations, including the "Support Fund for Wang Fuk Court in Tai Po" of the Government of the Hong Kong Special Administrative Region, SideBySide, Baptist Oi Kwan Social Service, and Fujian Hope Project Foundation. In addition to donations, the Group's volunteers, along with enthusiastic customers and tenants, also participated in direct community care work, visiting the Tai Po Baptist Public School in January 2026 to distribute materials to the affected students.

3. Promoting Cultural Education, Sports and Arts Development

- Sponsoring "The Hong Kong Drum Festival" of the Hong Kong Chinese Orchestra to promote local cultural and artistic activities.
- Supporting schools and social welfare organizations to organize youth education projects.
- Sponsoring sports events to actively promote the positive energy of healthy living.

In the future, we will continue to respond to societal needs with practical actions, unite more like-minded partners, transform the concept of sustainable development into concrete impact, and jointly create a warmer and greener world.

Lu Wing Yee, Wayne

Chairman and Executive Director

Hong Kong, 23 June 2026

Environmental, Social and Governance Report

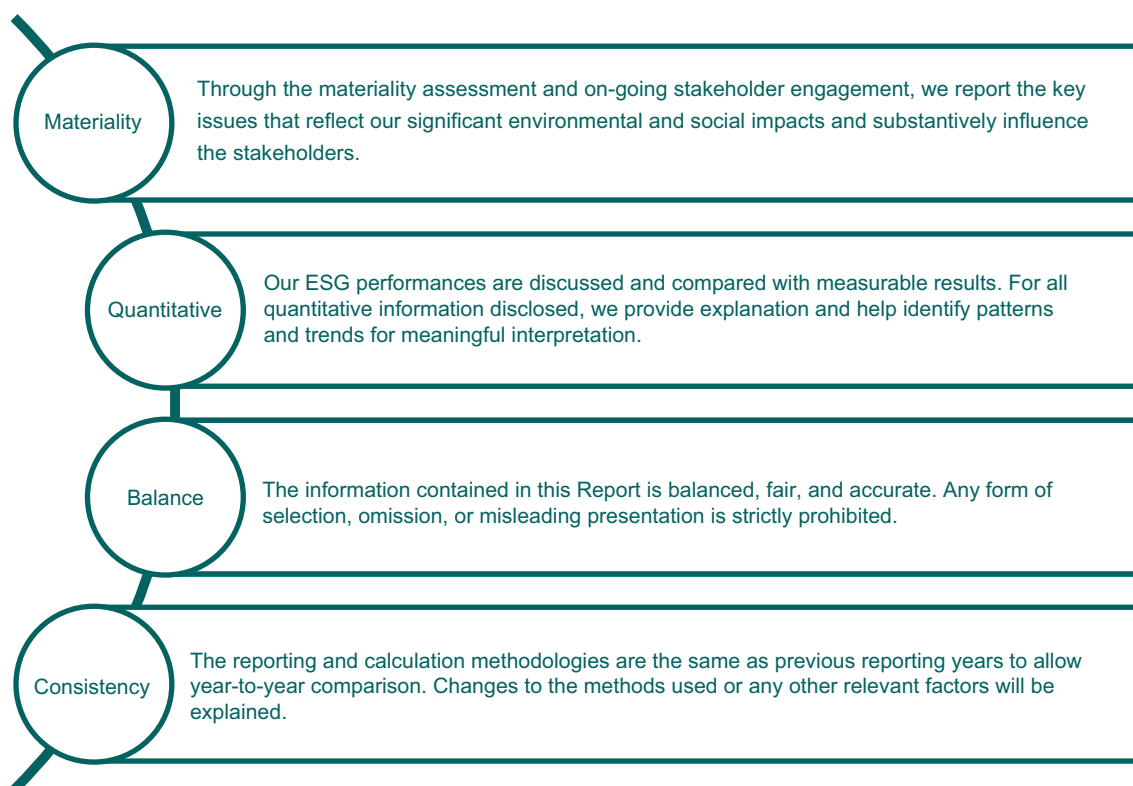
This Environmental, Social and Governance (“ESG”) Report (the “Report”) is the tenth ESG Report of Safety Godown Company, Limited (the “Company”, together with its subsidiaries, collectively as the “Group”, “We”, “our” or “us”). It presents the ESG strategies of the Group and commitment to promoting sustainability across its business portfolio.

REPORTING SCOPE

The Report covers the ESG information related to the two principal businesses of the Group, namely property investment and godown operations, under full operational control, for the year ended 31 March 2026 (the “Reporting Period”). The Report emphasises on the Group’s policies, initiatives, and performances of material ESG issues, which have been identified by our internal and external stakeholders. Meanwhile, details of our corporate governance practices are outlined in the “Corporate Governance Report” as set out in the Annual Report.

REPORTING PRINCIPLE

This Report has been prepared in accordance with the environmental, social and governance reporting code as set out in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“ESG Reporting Code”). The disclosure requirements and the reporting principles of materiality, quantitative, balance, and consistency have been strictly followed to define the content and the presentation of the Report.



Environmental, Social and Governance Report

VISION AND STRATEGY

The Board of Directors of the Group (the “Board”) has adopted a memorandum on corporate culture to specify the Group’s vision, mission, values, and strategies with which the corporate culture is aligned. The Board will continue to set the tone at the top to promote and maintain the desired corporate culture at all levels of the Group.

Vision

The Group is dedicated to operating all business activities in an environmentally responsible manner, advancing sustainability, supporting the business community, while delivering reasonable profitability and consistent returns to shareholders.

Mission

The Group strives for enduring sustainable growth by delivering quality services that meet customer and tenant expectations, adopting responsible practices, and equitably balancing stakeholder interests to create lasting shareholder value.

Values

The Group is guided by the principles of integrity, excellence, and social responsibility.

Report Confirmation and Approval

The senior management and the Board have reviewed and approved the ESG report in June 2026, confirming that the disclosures fairly represented the Group’s ESG performances, as well as fulfilling the reporting principles as set out in the ESG Reporting Code.

ESG Approach

The Group remains committed to promoting environmental and social responsibility into its core business strategy. Key elements include:

- Evaluating the environmental footprint of our operations.
- Ensuring compliance with labour laws and regulations to safeguard employee rights.
- Implementing practical and proportionate measures to maintain a safe workplace for employees and tenants.
- Supporting staff professional knowledge advancement through access to training resources and sponsorship on self-learning opportunities.

Environmental, Social and Governance Report

ESG Governance

Our ESG governance framework led by the Board provides the basis for incorporating sustainability, including oversight of climate-related risks and opportunities, into our daily businesses and ensuring the interests and expectations of our stakeholders are considered in our development strategies and implementation plans. The well-established framework facilitates communications across the Company to properly address ESG issues. Our ESG governance structure is presented below:

The Board

The Board is responsible for determining the overall ESG- and climate-related strategy and direction of the Group. It conducts an annual risk assessment to assess the Group's ESG performances and identify ESG- and climate-related risks and opportunities. The Board receives at least annual updates from management and the ESG Working Group to stay informed of the Group's overall ESG performance, progress against climate-related initiatives and targets, significant risk exposures, regulatory developments, and key mitigation and adaptation measures. These updates enable the Board to monitor and assess that effective risk management and internal control systems are in place to manage ESG- and climate-related risks associated with godown operations and property investment projects. The Board also takes climate factors into account when overseeing strategy, major transactions and capital projects relating to godown operations and investment properties, and when reviewing risk policies, including consideration of reasonable trade-offs. In addition, the Board oversees the monitoring and setting of the ESG- and climate-related targets and KPIs. To support these responsibilities, the Board assesses its skills availability through annual competency reviews, and enhances expertise in ESG and climate strategies through professional development courses and seminars.



Senior Management

Senior Management of core departments is empowered by the Board to develop and implement ESG- and climate-related policies and procedures in accordance with the Group's sustainability goals. Senior Management takes a key role in integrating climate-related considerations into daily operations, risk management and internal control processes to ensure that ESG- and climate-related objectives are effectively executed across all business functions. Senior Management is responsible for supporting the monitoring process by reviewing progress against ESG- and climate-related targets, and by evaluating the implementation of corresponding mitigation and adaptation measures. Based on the results, Senior Management provides guidance and direction to the ESG Working Group to facilitate continuous improvement and ensure effective execution of the strategies and targets set by the Board. To support governance and oversight, Senior Management has established controls and procedures to monitor ESG- and climate-related risks and opportunities, and integrates these processes with other internal functions such as operations, property management and finance. Senior Management ensures the Group's ESG strategy and climate-related commitments are effectively implemented, monitored and reviewed to support the Board's vision for sustainable, long-term business growth.



ESG Working Group

A dedicated ESG Working Group, which was established in 2017, handles the ESG- and climate-related issues of the Group. This taskforce comprises selected members with sufficient and relevant ESG- and climate-related knowledge from core departments, collates and measures ESG data, conducts internal and external materiality assessments, engages stakeholders, promotes ESG policies and initiatives in operations. The ESG Working Group prepares ESG and climate-related updates and risk review materials for Senior Management and the Board, proposes targets and key mitigation and adaptation measures that address identified ESG and climate-related risks and opportunities, and supports the preparation of ESG reporting.

Environmental, Social and Governance Report

STAKEHOLDER ENGAGEMENT

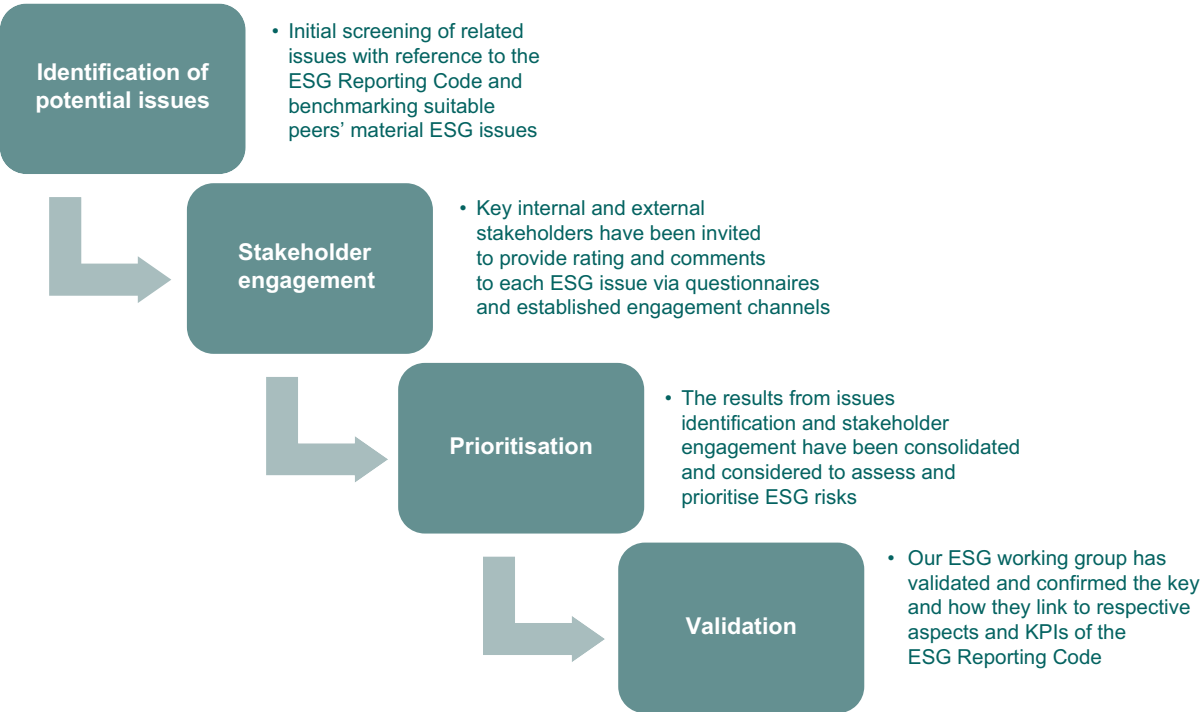
We value feedback from our stakeholders. We aim to formulate a balanced and sustainable development strategy that can strike a balance between our growth and stakeholders' expectations. We have engaged with the internal and external stakeholders of the Group and provided updates on recent developments through diverse engagement channels. The table below highlights the key stakeholders and the communication channels:

Major stakeholder groups	Key engagement channels
Employees	<ul style="list-style-type: none">✓ Emails and Publications✓ Employee Activities✓ Training Courses and Meetings✓ Performance Appraisal✓ WhatsApp groups
Clients	<ul style="list-style-type: none">✓ Corporate Websites✓ Client Surveys✓ Client Service Hotline✓ Client Meetings
Investors and Stockholders	<ul style="list-style-type: none">✓ Annual General Meeting✓ Announcements✓ Interim and Annual Report✓ Emails
Suppliers and Business Partners	<ul style="list-style-type: none">✓ Business Meetings✓ Supplier Assessment✓ Field Visitation
Government and Supervising Authorities	<ul style="list-style-type: none">✓ Public Consultation✓ Industry Forum
Social Groups and the General Public	<ul style="list-style-type: none">✓ Charitable Activities✓ Donations
Media	<ul style="list-style-type: none">✓ Official Websites

Environmental, Social and Governance Report

MATERIALITY ASSESSMENT

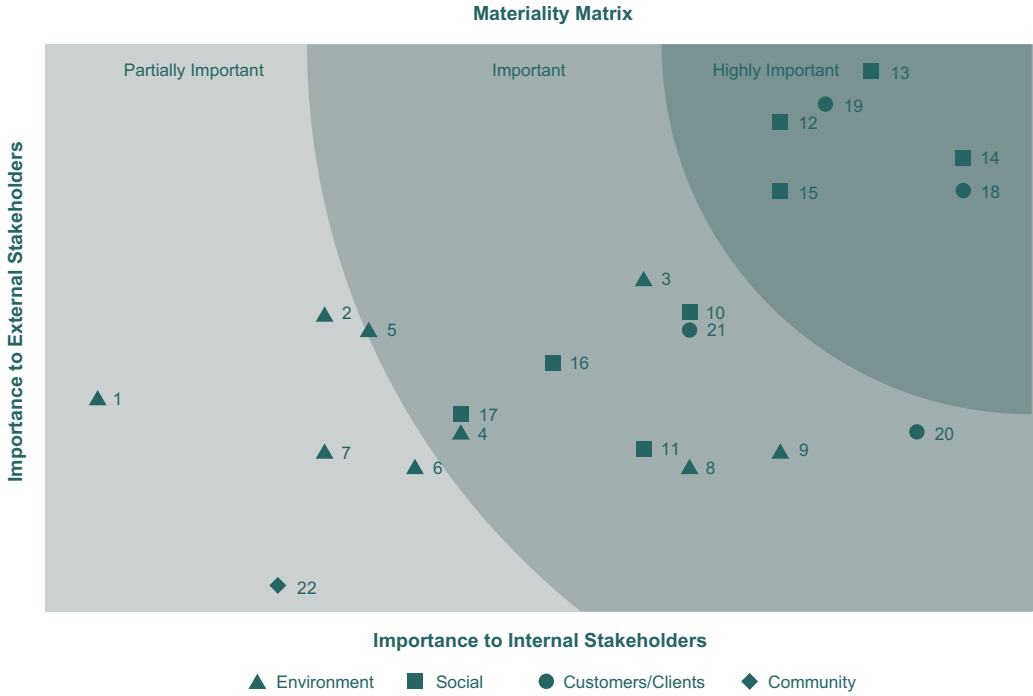
To identify and address key ESG issues concerned by our stakeholders, we conducted a materiality assessment to understand the impact of our businesses to the environment and society. We have invited the representatives of our external stakeholders and our senior management to evaluate the importance of a list of potential material topics. The materiality assessment process is outlined as follows:



Environmental, Social and Governance Report

Materiality Matrix

The materiality assessment in the Reporting Period identified 6 “Highly Important”, 10 “Important” and 6 “Partially Important” topics. Employee Engagement and Communication, Occupational Health and Safety, and Tenant and Customer Engagement are our primary focus in the Reporting Period. The matrix below lists the ESG issues which were determined to be material to the Group during the Reporting Period.



Aspect

Environment ▲

Social ■

Customers/Clients ●

Community ◆

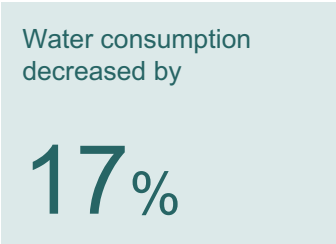
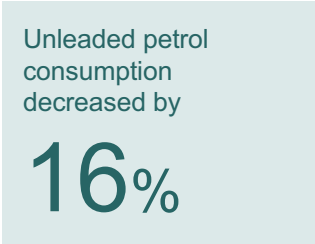
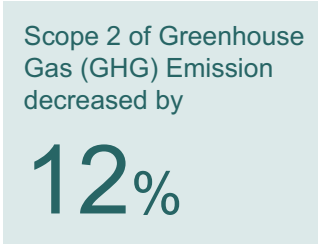
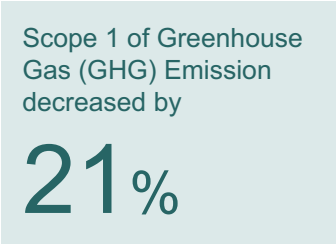
Issue

1. Air Emissions
2. Resource and Circularity
3. Energy Efficiency
4. Water Conservation
5. Decarbonisation
6. Packaging Material Usage
7. Green Renovation
8. Green Building
9. Climate Adaptation and Resilience
10. Human Rights and Labour Practices
11. Diversity, Equity and Inclusion
12. Employee Wellbeing
13. Employee Engagement and Communication
14. Occupational Health and Safety
15. Training and Development
16. Supply Chain Management
17. Green Procurement
18. Service Quality
19. Tenant and Customer Engagement
20. Cyber Security and Data Governance
21. Anti-corruption and Money Laundering
22. Community Engagement and Investment

Environmental, Social and Governance Report

2025/26 ESG PERFORMANCE QUICK FACTS

The Group continued its efforts to improve its ESG performance. Below are some performance highlights:



Environmental, Social and Governance Report

VALUE OUR PEOPLE

The Group understands that our business development and operations depend on the support of our employees and the local community. As a responsible enterprise, the Group cares about the well-being of our employees. It is enthusiastic about investing in the community, expecting to bring long-term value to society.

The table below lists the related material ESG issues according to the result of materiality assessment done by our stakeholders.

Material ESG Issues	ESG Topics	Involved HKEX's ESG Indicators	Related SDGs
Occupational Health and Safety	Social ■	KPI B2.2 KPI B2.3	
Employee Engagement and Communication	Social ■	KPI B1	
Training and Development	Social ■	KPI B3.1 KPI B3.2	
Human Rights and Labour Practices	Social ■	KPI B1 KPI B4	
Employee Wellbeing	Social ■	KPI B1	
Diversity, Equity and Inclusion	Social ■	KPI B1.1 KPI B1.2	

Occupational Health and Safety

The Group is dedicated to fostering a safe, healthy workplace for all employees, subcontractors, and stakeholders, while raising awareness of occupational health and safety to minimise risks. We will periodically evaluate whether new equipment needs to be acquired to upgrade occupational safety, these could include: ventilation equipment, work platforms etc.

With a more extreme and prolonged summer, across warehouse and property management operations during the summer period, there is an ample supply of cool drinking water, ventilation equipment (fans, vests and installing of onsite ventilation arrangement) are in place. Further, we implement government's Guidance Notes on Prevention of Heat Stroke at Work and any other updated advices.

In particular, additional ventilation was installed in the two new cargo lifts as well.

At Lu Plaza, we continued deploying an automated cleaning robot to reduce manual labour intensity and improve safety standards. We collaborate closely with our property management manager (Jones Lang LaSalle Management Services Ltd) to explore the application of automated systems, revised schedules or procedures to enhance occupational safety. Furthermore, operations manuals, emergency response protocols, and systematic safety inspections are also updated periodically.

Preventive and mitigative measures comply with ISO 45001:2018 standards, relevant workplace safety laws, and regulations. We engage only competent, qualified subcontractors for repair and maintenance works.

Environmental, Social and Governance Report

Safety measures for the godown operations

To minimise workplace injuries, we provide comprehensive training, ongoing supervision, and clear communication. Regular safety training sessions are conducted for godown staff, with key updates and reminders shared via WhatsApp groups for timely awareness.

In loading/unloading areas, prominent forklift warning signs are displayed, and all forklifts are equipped with audible reverse alarms to alert nearby pedestrians – enhancing hazard detection during operations. Clear and additional exit routing signages have been put in place on public warehouse floors to facilitate clearer escape routes.

Our Employee Safety Handbook outlining health, safety guidelines, and best practices for godown operations, is reviewed and updated regularly.

We fully adhere to Cap. 59 Factories and Industrial Undertakings Ordinance, Cap. 509 Occupational Safety and Health Ordinance, and other applicable safety regulations. During the Reporting Period, no material non-compliance incidents related to occupational health and safety were recorded.

During the Reporting Period, no work-related fatalities and injury were recorded:

	2025/26	2024/25	2023/24
Number of work-related fatalities of employees	0	0	0
Number of lost days of employees caused by work injury	0	0	0

Compliance with the relevant laws and regulations

We adhere to the Cap. 59 Factories and Industrial Undertakings Ordinance, the Cap. 509 Occupational Health and Safety Ordinance and other safety-related laws and regulations.

During the Reporting Period, we had not encountered any material non-compliance cases with occupational health and safety-related laws and regulations.

Employee Wellbeing

The Group recognises employees as the cornerstone of our success and is committed to attracting and retaining top talent through competitive, comprehensive remuneration packages. These include Mandatory Provident Fund (MPF) contributions, medical insurance coverage, long-service awards, wedding and compassionate allowances, attendance bonuses, and education subsidies (applicable to employees and, where relevant, their children).

Remuneration levels are reviewed periodically, taking into account macroeconomic conditions, company performance, and individual contributions to ensure fairness and motivation.

Working Hours and Rest Periods

The Group values the well-being of employees and encourages work life balance. In general, number of working hours is fixed. Overtime work is compensated under relevant laws and regulations. Furthermore, our employees are entitled to paid leave such as annual leave, maternity leave, and exam study leave.

Environmental, Social and Governance Report

Diversity, Equity and Inclusion

All employees are treated fairly and equally for hiring, promotion, job transfer and training. The assessment criteria for recruitment and promotion are developed solely to evaluate the attributes, skills and experiences and performances of the candidates or employees. We actively foster a diverse and inclusive workspace to drive innovation and support sustainable business.

Fair and unbiased talent management process

For the purpose of recruitment process, the human resources department has established fair, unbiased, and objective selection criteria and the candidates are assessed objectively on their experience and capabilities without any forms of bias towards gender, race, age, religion, pregnancy, disability, family status or sexual orientation. The same principle applies to our property manager and our suppliers.

The Group has established an annual performance appraisal system (based on fair and unbiased rating criteria with explanations/commentaries) to assess staff performance. Employees have the right to terminate the employment relationship in accordance with Employment Ordinance.

Human Rights and Labour Practices

As a responsible employer, we prohibit the use of child and forced labour in any part of our business operations. We believe that children shall not be involved in any form of labour as they are the future pillars of our society.

Commitment to responsible recruitment and anti-forced labour

All of our employees sign formal employment contracts with us voluntarily and possess qualified identity documents. Identity checks are conducted to ensure that candidates are eligible to work under the local labour laws. We also expect our suppliers to take all reasonable steps to prohibit the use of child and forced labour.

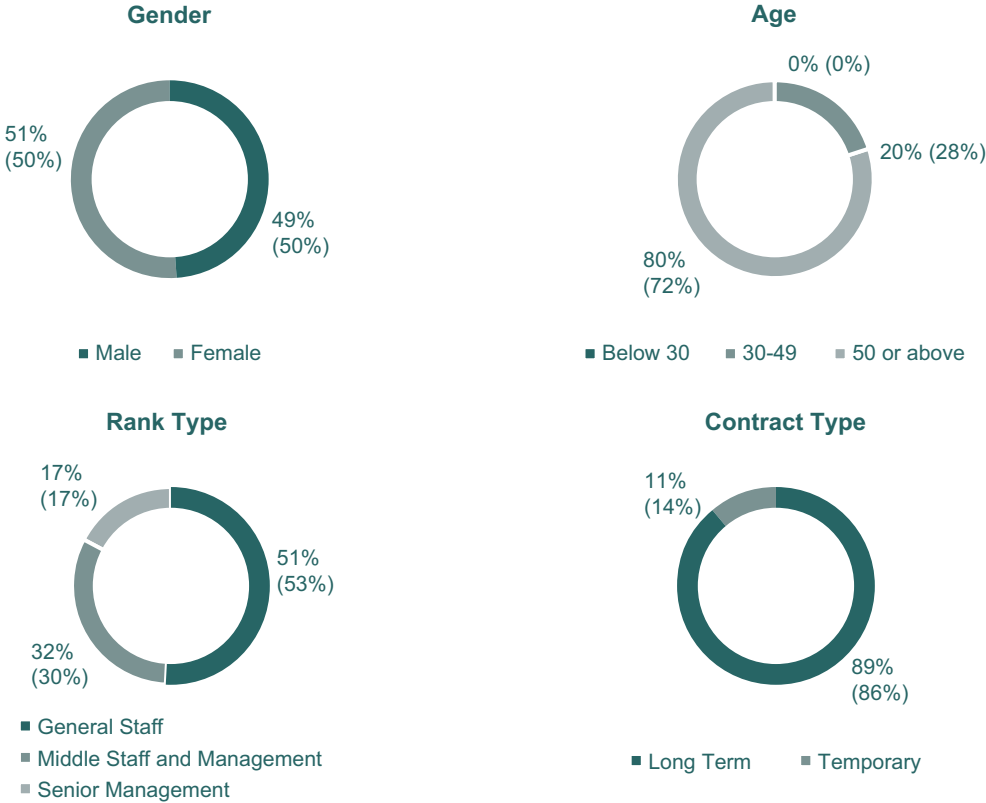
Compliance with the relevant laws and regulations

We closely follow the Employment of Children Regulations and Employment of Young Persons (Industry) Regulations under the Employment Ordinance. During the Reporting Period, we did not identify any material non-compliance cases with Human Rights and Labour Practices related laws and regulations.

Environmental, Social and Governance Report

As of 31 March 2026, we had a total of 35 employees (2025: 36 employees) located in Hong Kong. Detailed breakdowns are as below:

Total workforce



* Figures in bracket () are 2025 figures

Compliance with the relevant laws and regulations

Our human resources policies and procedures and employment contract have been developed with reference to the Cap. 57 Employment Ordinance and the Cap. 480 Anti-discrimination Ordinances. The Human Resources Department ensures compliance with legal requirements on wages, holidays, rest days and leave, and other employment protection, as well as preventing discrimination, harassment, and unfair treatment of the employees. We strive to safeguard our employees' interests and develop a harmonious workplace with equality, care, and respect.

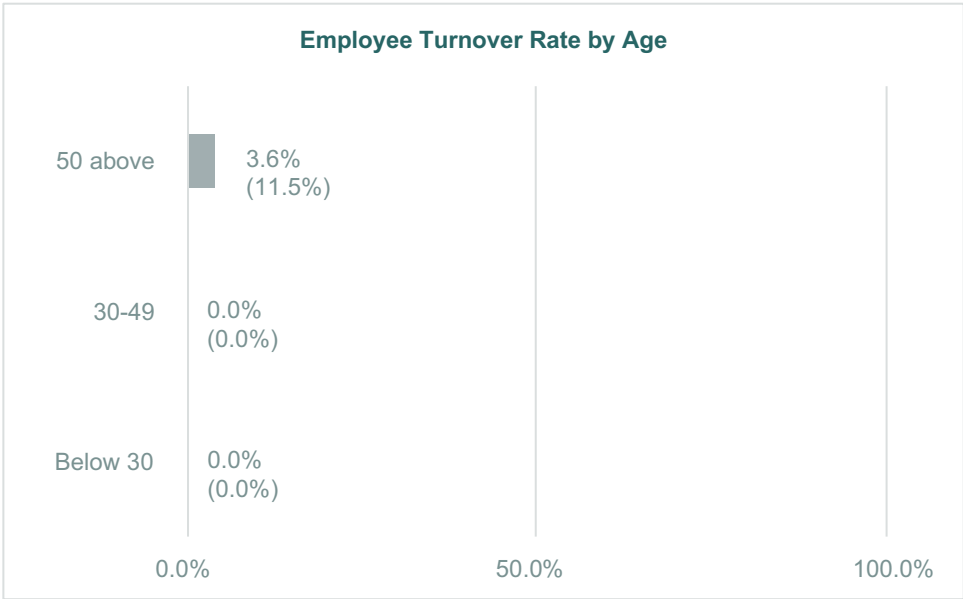
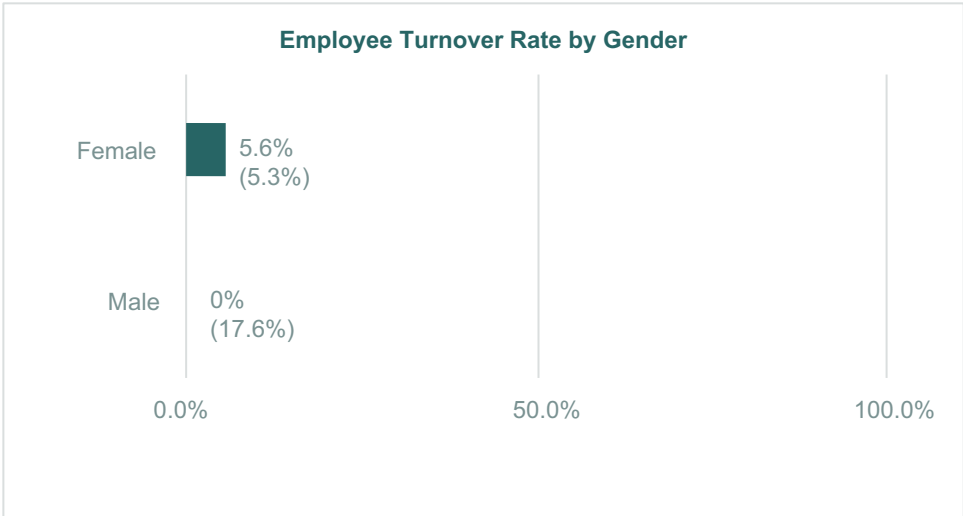
During the Reporting Period, we did not identify material non-compliance cases with employment-related laws and regulations.

Environmental, Social and Governance Report

Labour Practices

The Group strives to attract fit and qualified talents in line with the Group's culture, goals and objectives while making our best effort to retain the existing employees and to recognise and reward their efforts appropriately. The Human Resources Department formulates the human resources plan periodically based on the Group's needs.

During the Reporting Period, the total number of employee turnover was 1 (2025: 4). Detailed breakdowns are as below:



* Figures in bracket () are 2025 figures

Environmental, Social and Governance Report

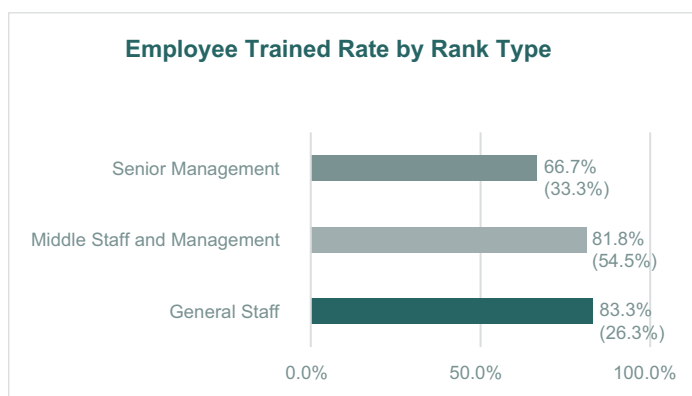
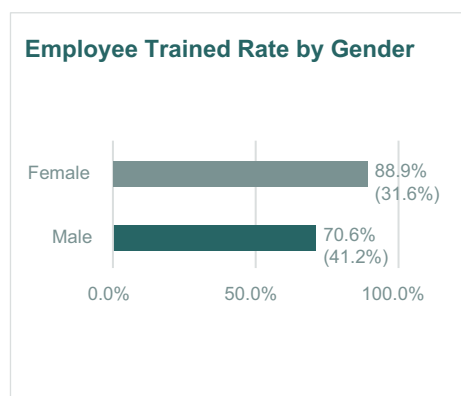
Categories	2025/26		2024/25	
	Employees turnover	Total workforce	Employees turnover	Total workforce
Gender				
Female	1	18	1	19
Male	0	17	3	17
Ages				
50 above	1	28	3	26
30-49	0	7	0	10
Below 30	0	0	1	0

Training and Development

Employee development is critical to both personal achievement and business success. The Group provides support on both career and personal development. We empower and enable them to realise their career aspirations.

Internal trainings are provided to employees when necessary to enhance their performance. Meanwhile, we also encourage our employees to attend external training courses to upskill their working knowledge and improve skillsets. For instance, education sponsorship and examination leave will be granted to eligible employees.

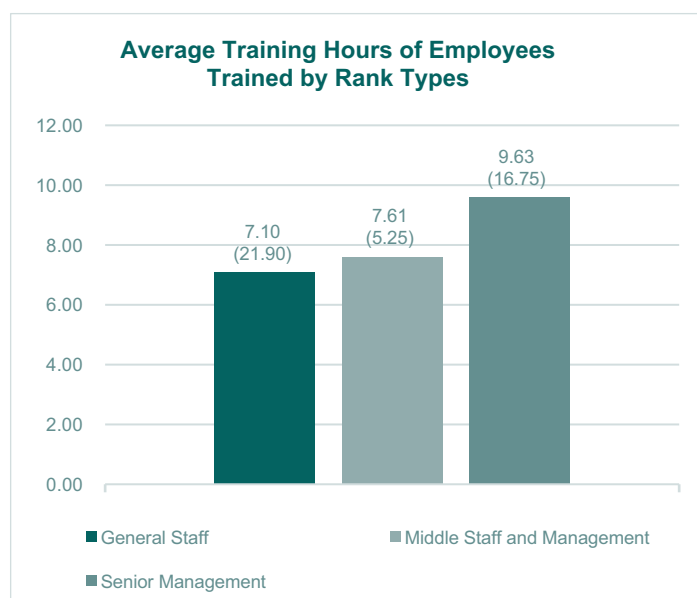
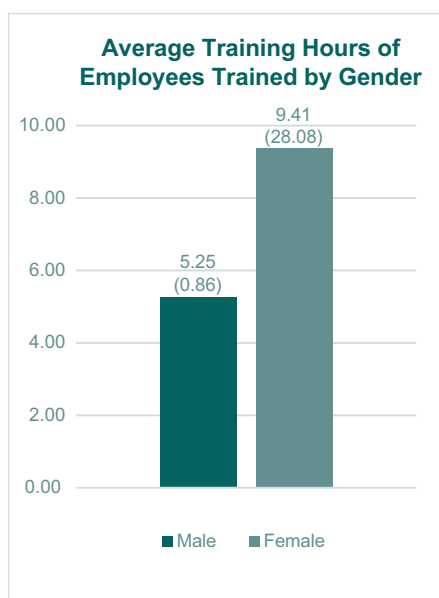
During the Reporting Period, there were 28 employees trained (2025: 13), with total training hours of 213.5 hours (2025: 174.5). During the Reporting Period, we strategically expanded our participation in seminars and training programmes directly aligned with our operational and sustainability objectives. As a result, the number of employees trained increased significantly. With more colleagues engaging in prescribed courses and supplementary workshops, total training hours rose compared to the previous year, demonstrating our commitment to continuous learning and workforce development. Detailed breakdowns are as below:



* Figures in bracket () are 2025 figures

Environmental, Social and Governance Report

Categories	2025/26		2024/25	
	Employees trained	Total workforce	Employees trained	Total workforce
Gender				
Female	16	18	6	19
Male	12	17	7	17
Rank Types				
Senior Management	4	6	2	6
Middle Staff and Management	9	11	6	11
General staff	15	18	5	19



* Figures in bracket () are 2025 figures


Categories	2025/26		2024/25	
	Employees trained	Total training hours	Employees trained	Total training hours
Gender				
Female	16	150.5	6	168.5
Male	12	63	7	6
Rank Types				
Senior Management	4	38.5	2	33.5
Middle staff and management	9	68.5	6	31.5
General staff	15	106.5	5	109.5

Environmental, Social and Governance Report

VALUE OUR SOCIETY

We understand that inclusive growth of the local community is critical to the sustainability of the Company and have continuously devoted resources to engage different stakeholders of our community by organising various activities and maintaining different communication channels.

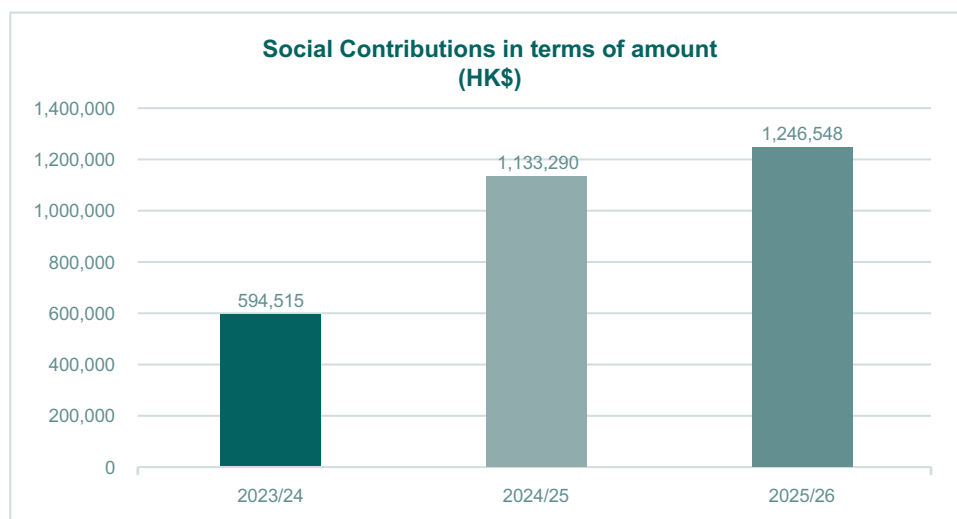
The table below lists the related material ESG issue according to the result of materiality assessment done by our stakeholders.

Material ESG Issues	ESG Topics	Involved HKEX's ESG Indicators	Related SDGs
Community Engagement and Investment	Community ♦	KPI B8.1 KPI B8.2	

Community Engagement and Investment

We are also committed to creating a positive impact on society and reinvesting for the future generations.

During the Reporting Period, the Group donated HK\$1,246,548 (2025: HK\$1,133,290) to support a wide array of social development programmes, such as children and education, community and social support, and cultural and recreational activities. The figures provide the data of our social contributions in terms of amount:



Community related awards and recognition

We continued our support to the Hong Kong Chinese Orchestra in offering excellence in Chinese music. We believe music is a unique medium to conserve, inherit and spread cultural values. Performance can create social interaction and boost creativity beyond boundaries.

We continued to collaborate with Baptist Oi Kwan Social Service to launch the “Bless Canteen” programme for the needed. The programme aims to provide free hot meal boxes to people in need, including street sleepers and the underprivileged.

Environmental, Social and Governance Report

The Group has been awarded the “Caring Company” logo every year since 2003. After reaching the 20-year milestone in 2023, the Company was awarded the “20 Years Plus Caring Company” (the longest tenured category) logo by the Hong Kong Council of Social Service.

A selection of community programmes and organisations we supported during the Reporting Period were as follows:

Organiser	Name of Event/Project	Purpose and Target Beneficiaries
Evangel Children's Home	S.E.N. 3.0 – Integrated Day Care Service	To support primary students with special educational needs through integrated day care and family support services
	Charity Sale	To fundraise for the renovation project of the old building at Evangel Children's Home
Po Leung Kuk	House Sponsorship	To support residential care services for children
The Community Chest	Green Low Carbon Day	To support environmental initiatives for community sustainability
	Skip Lunch Day	To fundraise for street sleepers, cage house residents, and cubicle dwellers supported by The Community Chest
	The Community Chest Corporate Challenge (Half Marathon and 10K Run)	To fundraise for rehabilitation and aftercare services for ex-offenders
Hong Kong Red Cross Blood Transfusion Service	Blood Donation	To encourage tenants of Lu Plaza to participate in blood donation
Hong Kong Chinese Orchestra	Hong Kong Synergy 24 Drum Competition	To advance Chinese drumming traditions and enhance community artistic events
The Hong Kong Chinese Christian Churches Union	Chinese New Year luncheon for the elderly	To host festive luncheons honouring and supporting the elderly
The Hong Kong Chinese Christian Churches Union Kwong Yum Care Home	Birthday Celebration and Mid-Autumn Festival BBQ Event	To create a festive atmosphere for the elderly and their families
Renshan Fortune Charity Association	Traditional Chinese Painting, Yoga Fitness and Shaolin Ba Duan Jin classes	To provide free venues at Lu Plaza's Business Centre THE LU+ for recreational activities of tenants and members of Renshan Fortune Charity Association
	Lantern Carnival for Mid-Autumn Festival and National Day	To organise celebration events for Renshan elderly members to foster social interaction
Vocational Training Council	Connecting Communities through Positive Education Exhibition	To provide free exhibition space for VTC students to showcase practical creations made from waste materials
Baptist Oi Kwan Social Service	"Bless Canteen" Programme	To distribute meal boxes to the homeless and underprivileged
	Festive Activities for members	To arrange festive gourmet activities for the underprivileged
	Provide Psychological Counselling and Material Support for residents of Wang Fuk Court in Tai Po	To send care and support to those affected by hardship

Environmental, Social and Governance Report

Organiser	Name of Event/Project	Purpose and Target Beneficiaries
Baptist Oi Kwan Social Service & VTC Community Engagement Unit & Hong Kong Design Institute	Press Conference for Multi-functional Learning Kit	To distribute multi-functional learning kits to children living in subdivided flats
Amazing Grace Worship	Concert	To provide free venues at Lu Plaza for children with SEN to perform and showcase their talents
	Christmas & Winter Solstice gathering	To arrange activities and festival celebrations with low-income families and Evangel Children's Home children
Canadian International School of Hong Kong	CDNIS Saturday Arts Outreach Programme	To offer free guitar and visual arts workshops for students aged 10+ from grassroots communities in Kwun Tong and nearby areas
World Wide Fund (WWF) For Nature Hong Kong	Earth Hour	To promote and encourage a zero-carbon lifestyle for environmental protection
Volleyball Association of Hong Kong, China	FIVB Volleyball Nations League Hong Kong	To sponsor and support Hong Kong's international events, arranging for students and underprivileged children to watch matches
	Asian Eastern Zonal Women's Volleyball Championship	
Hong Kong Rope Skipping Club	Autumn-Individual Rope Skipping Championship	To encourage youth participation in rope skipping and personal growth through competition
Baptist Oi Kwan Social Service & Tai Po Baptist Public School	Donation Blankets and Stuffed Toys	To visit Tai Po Baptist Public School and donate blankets and stuffed toys to affected children in Wang Fuk Court, Tai Po
The Hong Kong Council of Social Service & H.K.S.K.H. Lady MacLehose Centre	Yip Shing Street Modular Social Housing Project "LMC HUB • YIP SHING" – Appeal for Support for Residents of Wang Fu Court in Tai Po	To donate blankets to residents of Wang Fuk Court in Tai Po
The Society of Rehabilitation and Crime Prevention, Hong Kong (SideBySide)	Donation to support for Wang Fuk Court in Tai Po	To provide donations for children's events at Wang Fuk Court, Tai Po
Support Fund for Wang Fuk Court in Tai Po	Donation	To provide donations for residents of Wang Fuk Court in Tai Po
Our Hong Kong Foundation	Donation	To donate to the foundation for general development

Environmental, Social and Governance Report

Safety Godown Volunteer Team

Since 2020, we have established the Safety Godown Volunteer Team comprising general and management-level staff to demonstrate our commitment to serving the society. We will continue to organise and participate in various volunteering activities to help people in need and foster team bonding and spirit. During the Reporting Period, the Volunteer Team contributed 586 hours (2025: 124 hours) to support a diverse range of social development initiatives.

VALUE OUR SERVICES

The Group relies on customer satisfaction to monitor and improve the service quality of the godown and property investment operation.

The table below lists the related material ESG issues according to the result of materiality assessment done by our stakeholders.

Material ESG Issues	ESG Topics	Involved HKEX's ESG Indicators	Related SDGs
Cyber Security and Data Governance	Customers/Clients ●	KPI B6.3 KPI B6.5	
Anti-corruption and Money Laundering	Customers/Clients ●	KPI B7.1 KPI B7.2 KPI B7.3	
Service Quality	Customers/Clients ●	KPI B6.2	
Tenant and Customer Engagement	Customers/Clients ●	KPI B6.2	
Supply Chain Management	Social ■	KPI B5.1 KPI B5.2 KPI B5.3 KPI B5.4	
Green Procurement	Social ■	KPI B5.1 KPI B5.2 KPI B5.3 KPI B5.4	

Cyber Security and Data Governance

The protection of customer data is also our primary concern. We strictly comply with Cap. 486 Personal Data (Privacy) Ordinance (the "PDPO") and maintain clear guidelines on accessing, storing, and processing customer personal data and other confidential information collected in our business operations. We have applied data protection principles of the PDPO to our operations as follows:

- Collect and retain personal data relevant to our business operations;
- Use personal data solely for its original or for a directly related purpose, unless consent for a new purpose is obtained;
- Refrain from transferring or disclosing data outside the Group without consent unless required by law or previously notified; and
- Maintain appropriate security systems and measures to prevent unauthorised access to personal data.

Environmental, Social and Governance Report

Data Security Measures

To further protect our data from cyber-attack, reasonable network and information system security have been installed. In addition, we require our employees to take precautions to prevent leakage or abuse of sensitive information. We conducted a cyber training during the Reporting Period and periodically remind staff to stay vigilant on cyber security or cyber threats.

During the Reporting Period, we did not identify any material non-compliance cases with data privacy-related laws and regulations.

Tenant and Customer Engagement

The Group is committed to maintaining transparent engagement with tenants and customers. Our property investment business is overseen by an experienced property and facilities management manager who ensures regular communication with tenants and customers, addressing their needs and feedback in a timely manner. Satisfaction levels are monitored on an ongoing basis, and service quality improvements are introduced whenever necessary to strengthen relationships and enhance customer experience.

Complaints, if any, are managed under established procedures. Each case is documented, reviewed, and followed up by management personnel, with improvement measures designed to resolve issues and prevent recurrence. The Group remains committed to investigating and addressing any future concerns swiftly and effectively to uphold trust and accountability.

We also maintain strict compliance with relevant laws and regulations, including Cap. 457 Supply of Services (Implied Terms) Ordinance, Cap. 344 Building Management Ordinance, and Cap. 59 Factories and Industrial Undertakings Ordinance. Compliance monitoring is conducted regularly to ensure statutory requirements are met, and no material non-compliance cases relating to tenant or customer engagement were identified during the Reporting Period.

Service Quality

Our godown maintains ISO9001:2015 accreditation since 2019, underscoring our commitment to delivering consistent, high-quality services that meet customer needs and applicable statutory and regulatory requirements and enhance customer satisfaction.

Measures to safeguard the safety and security of the godown

To maintain a secure and safe environment in safeguarding our customers' cargoes in the godown, we have developed and implemented the following measures:

- Warehouse door locks;
- 24-hour security guards for continuous on-site monitoring;
- Closed-circuit television ("CCTV") surveillance systems;
- Visitor registration and identity checks at entrances;
- Protocols for controlling incoming and outgoing stock movements; and
- A smart-card access system installed for all elevators.

Compliance with service quality and safety related laws and regulations is strictly observed. The Group abides by statutory requirements and continuously monitors adherence to ensure proper implementation.

Environmental, Social and Governance Report

Anti-Corruption and Money Laundering

Given that honesty, integrity, probity, and fairness are the core values of the Group, any forms of corruption, bribery, extortion, money laundering and other fraudulent activities in connection with any of our business operations will not be tolerated. Our staff are required to uphold the highest degree of integrity and ethics at all times. Any non-compliance with our internal policies will be subject to warning and disciplinary actions, including but not limited to dismissals.

Anti-corruption Policy

The Group's Anti-corruption Policy outlines the minimum standards of ethical conduct expected from all its business units and employees. The policy sets out our responsibilities to comply with the relevant anti-corruption laws, rules, and regulations. We adopt a zero-tolerance principle against corrupt practices. Anti-corruption measures extend to the supply chain of the Group through its procurement procedures.

All employees are prohibited from soliciting, accepting, or offering advantages to and from clients, suppliers or any person having business dealings of any kind with the Group. These ethical and anti-corruption guidelines are detailed in the Employee Handbook, and all staff are required to acknowledge compliance with this policy on an annual basis.

Whistleblowing Policy

Our Whistleblowing Policy provides a confidential channel for employees and stakeholders to report suspected misconduct or malpractice within the Group. This includes issues relating to bribery, corruption, impropriety, or other forms of misconduct or irregularities. We remind and encourage employees and stakeholders, including customers, suppliers, contractors, and tenants, to report their concerns promptly.

Employees who report legitimate concerns are protected from unfair dismissal, victimisation, or unwarranted disciplinary action, even if the concerns are eventually unsubstantiated. Victimisation or retaliation against a whistleblower will be subject to disciplinary actions. Conversely, if a whistleblower makes a false report maliciously, with ulterior motives or without reasonable grounds, or for personal gain, the whistleblower may be subject to disciplinary action, including the possibility of dismissal. Each report will be investigated with strict confidentiality, and the results of the investigation will be reported to the Audit Committee for recommendations on action.

During the Reporting Period, we did not identify any material non-compliance cases with anti-corruption and money laundering-related laws and regulations.

Green Procurement & Supply Chain Management

In line with our commitment to operate in a socially and environmentally responsible manner, green procurement is encouraged across the Group's operations, as the use of sustainable supplies can reduce environmental impacts. The Group's property management manager possesses the following environmental and social risk management accreditations:

- ISO 9001:2015 for quality management system
- ISO 14001:2015 for environment management system
- ISO 45001:2018 for occupational health and safety management system

Environmental, Social and Governance Report

Sustainability in procurement

Before the purchase decisions are made, we would strike a commercially reasonable balance between the environmental impacts, cost, and product quality. Products made of recycled materials, free of toxic substances, reusable and recyclable and featured with long durability and easy maintenance are preferable. The supplies used for property management strictly follow the best practices on procurement set by the property management manager.

Criteria for sustainability evaluation

We have set the selection criteria for our renovation contractors and service providers. Each contractor or service provider is encouraged to commit their services comply with environmentally friendly practices to minimise the environmental impact during and after the work. Also, a site safety plan is required to ensure the operational risk management, risk mitigation plan and monitoring mechanism are designed to safeguard the site workers and the other related parties.


We prefer to cooperate with the contractors and service providers which have implemented sustainable practices. By closely working with these companies, we can build a sustainable supply chain that simultaneously contributes to society and fulfils our sustainability purpose. As of 31 March 2026, the number of active suppliers is listed in the below table and have remained largely stable over these few years:

	2025/26	2024/25	2023/24
Number of active suppliers	112	112	131

VALUE OUR ENVIRONMENT

The Group takes the initiatives to minimise our environmental impacts across the operations. We work with our property management manager to formulate planning for energy reduction and waste disposal to reduce carbon footprint.

The table below lists the related material ESG issues according to the result of materiality assessment done by our stakeholders.

Material ESG Issues	ESG Topics	Involved HKEX's ESG Indicators	Related SDGs
Resource and Circularity	Environment ▲	KPI A1.5 KPI A1.6	
Green Renovation	Environment ▲	KPI A3.1	
Energy Efficiency	Environment ▲	KPI A2.1 KPI A2.3	
Green Building	Environment ▲	KPI A3.1	
Packaging Material Usage	Environment ▲	KPI A2.5	
Air Emissions	Environment ▲	KPI A1.1 KPI A1.5	
Water Conservation	Environment ▲	KPI A2.2 KPI A2.4	
Climate Adaptation and Resilience	Environment ▲	Part D	

Environmental, Social and Governance Report

Compliance with the relevant laws and regulations

To systematically minimise the significant environmental impacts of our operations, we fully comply with the Cap. 311 Air Pollution Control Ordinance, Cap. 358 Water Pollution Control Ordinance, Cap. 354 Waste Disposal Ordinance, Cap. 595 Hazardous Chemicals Control Ordinance, Cap. 400 Noise Control Ordinance and other environmental-related laws and regulations.

There were no significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations that had a significant impact on the Group during the Reporting Period.

Resource Management

We advocate environmental protection by reducing resource use, monitoring resource consumption, and driving employee behaviour changes. We work with our property management manager to make use of feasible yet advanced technologies to improve energy efficiency and use resources more efficiently. During the Reporting Period, we commenced a trial to adopt an automated cleaning robot in a continuous attempt to increase efficiency and improve employee health and safety by reducing labour intensity.

Path to water efficiency

The Group continues to acknowledge the importance of promoting water consumption reduction.

Water Efficiency Target
Sustain ongoing promotion of water conservation through awareness campaigns and reminders in business activities

We believe that the practice of water usage reduction can make an impact on water consumption. In doing so, the Group has adopted the following measures to achieve the above purpose:

- Using posters and internal communications;
- Encouraging employees and tenants to contribute to water conservation practice;
- Tracking the water usage and taking proactive measures when we noticed irregularities;
- Ensuring all water taps in Lu Plaza comply with the requirements of the "Water Efficiency Label"; and
- Instructing all contractors and service providers to discharge wastewater into the sewage drain under close monitoring.

LED lighting retrofitting

The Group has formulated an LED lighting retrofitting plan to replace fluorescent tubes in the godown for improvement in energy efficiency and utility savings. We have successfully completed over 90% of the retrofitting plan within the Reporting Period, implying we are on track with the 2027/2028 capacity reduction target.

Energy Use Efficiency Target
Achieve a 6% reduction in electricity consumption intensity by 2027/28 compared to the 2022/23 baseline. We are committed to continuously optimising energy by exploring further reductions in electricity consumption for our centralised air conditioning system and electricity appliances

Environmental, Social and Governance Report

Lu Plaza has demonstrated its green efforts. It is recognised by the Environmental Campaign Committee as one of the Hong Kong Green Organisations with Energywise Certificate in Basic Level. As we engaged Hong Kong Productivity Council to conduct a carbon audit on Lu Plaza in 2019, we set up an energy-saving plan based on the audit result to further reduce the overall electricity consumption in Lu Plaza. In alignment with the government's efforts to promote the adoption of electric vehicles, we have installed a total of six EV charging stations at Lu Plaza. This initiative underscores our commitment to reducing carbon emissions and advancing the use of green energy.

Lu Plaza completed a major revitalisation in 2017, during which the building facilities were refurbished with green elements such as variable speed motor drives for chiller plants, water taps compliant with the "Water Efficiency Label" requirements, and LED lighting in common areas. Building on these enhancements, Lu Plaza successfully passed the final assessment of BEAM Plus in 2023, signifying that its design and facilities complied with the criteria for achieving energy efficiency and sustainability.

Despite a natural yet continuous increase in energy consumption driven by ongoing business operations, business development, and extended hotter climates, the Group remains committed to seeking opportunities to enhance energy efficiency and reduce its carbon footprint, working jointly with tenants wherever possible. At the same time, the Group remains vigilant in allocating resources to manage and mitigate climate-related risks and opportunities. To the extent possible, facilities are upgraded to align with evolving regulatory requirements and to respond to growing market expectations for sustainable business practices.

Air Emissions & Resource and Circularity

We conserve natural resources for the long-term sustainability of the community and aim to improve the efficiency of the use of resources. Given our Group's principal businesses of property investment and godown operations, emissions control and non-hazardous waste management have become the core of our sustainable development strategy.

Reducing Air and Greenhouse Gas ("GHG") Emissions in Operations

Our main sources of air and GHG emissions stem from private vehicles and forklifts using unleaded petrol and Liquefied Petroleum Gas ("LPG"), alongside indirect emissions from purchased electricity, waste disposal, water, and paper use.

Emission Target

Maintain the Scope 1 & 2 GHG emission intensity per staff by 2030/31, compared to the 2024/25 baseline (2.45)
Progressively transition from conventional fossil fuel vehicles to clean energy alternatives or hybrid vehicles.

To advance our emission reduction objectives, we have implemented the following:

- The majority of forklifts used in our godown are electric-powered models;
- Retaining LPG-powered forklifts where needed, as LPG offers cleaner combustion and lower emissions whilst being able to service heavier loading;
- Planning phased replacement of fossil fuel vehicles with hybrid or electric or green alternatives at the end of their respective service life;
- Removing all construction waste and debris from the building for proper disposal within a reasonable time; and
- Operating a total of 23 forklifts, powered by electricity and LPG.

Environmental, Social and Governance Report

Enhancing Non-Hazardous Waste Practices

Due to our business nature, no significant hazardous waste was produced from our operations during the Reporting Period. Hence, the disclosure of the amount of hazardous waste was inapplicable. The non-hazardous waste generated by our day-to-day operations is mainly general domestic waste, wastepaper and wooden pallets.

Waste Reduction Target

Consistently champion the 3Rs principle (Reduce, Reuse, Recycle) in daily operations where feasible to minimise waste generation

To support our waste reduction goals, we have rolled out various initiatives to minimise waste at source and maximise recycling. We believe the most effective means is to increase awareness and implementation, our practices include:

- Integrating the 3Rs (Reduce, Reuse, Recycle) principle into operational guidelines for staff adherence;
- Advancing a paperless office approach by promoting double-sided printing, electronic document sharing or notification, an e-procurement system, and digitised workflows for godown operations;
- Installing dedicated recycling bins for paper, plastic bottles, and other materials to enable effective source separation;
- Reducing the number of bins in public areas;
- Collaborating with environmental partners on campaigns such as second-hand book, box, toy, and red packet envelope collections to foster reuse and recycling awareness;
- Initialising a tenant collaboration effort on collecting no-longer reuseable pallet's recycling collection (applicable for the warehouse property);
- Tracking waste from generation through disposal to optimise reduction efforts, including minimising public-area trash bins; and
- Introducing an automated cleaning robot in select office public areas to enhance cleanliness, efficiency, and public health standards.

Moreover, we have appointed a registered collector and recycler to handle the collection of computers, abandoned pallets and electronic appliances. In addition, light tubes and other recyclable items collected from our tenants are properly transferred to Environmental Protection Department for environmentally responsible processing.

Climate Adaptation and Resilience

We recognise climate change as a critical global challenge with far reaching irreversible consequences to the world and our business. Although we are not a high-emission industry player, we are committed to work towards addressing climate-related risks and opportunities.

Environmental, Social and Governance Report

Climate-related governance

The Board oversees the climate change issues, in the enterprise risk assessment to take into account of the actual and potential impacts of climate-related risks and opportunities on the Group's businesses, strategy and decision-making. The Group conducts regular monitoring and, when necessary, adopts appropriate measures to minimise the impact of climate-related risks. There have been no changes to the processes for monitoring such risks compared with the previous reporting period.

The Group remains committed to enhancing resource efficiency and sustainable practices by engaging qualified professionals and technical specialists through third-party partnerships. In particular, our continued collaboration with JLL enables us to leverage their in-house expertise and extensive knowledge of the Hong Kong market to facilitate the execution and deployment of ESG initiatives. At the same time, the Group is allocating additional capital investment to support these efforts, including budgeting for the replacement of vehicles at the end of their life cycle, thereby reinforcing our long-term commitment to operational efficiency and sustainability.

Climate adaptation planning & Risk mitigation measures

We will continuously monitor and adopt feasible strategies or industry practices' relevant to our business for managing climate-related risks.

Recognising that extreme weather events have caused significant destruction worldwide, the Group is committed to periodically updating precautionary measures to strengthen resilience and mitigate physical damage. Specific risks identified include potential damage to curtain glass at Lu Plaza and flooding at Safety Godown. To safeguard our facilities against climate-related risks, we have deployed flood protection equipment, including mobile flood barriers and sufficient sandbags, at both buildings to prevent excessive rainwater from seeping through the ground levels into our premises. To neutralise the financial impact, reserves are made annually for curtain glass replacement or peripheral repairs. In addition, proactive preventative maintenance of the drainage system is carried out before each rainy season, as well as during typhoon and rainstorm warnings, to avoid water backflow and flooding within the premises.

To further enhance the Group's climate resilience, we plan to invest around HK\$760,000 in the following projects to achieve our emission reduction targets:

- Increasing the number of EV chargers to six in Lu Plaza to encourage the use of electric vehicles;
- Carrying out preventative maintenance to replace components of the centralised air-conditioning system, improving operational efficiency and reducing electricity consumption;
- Adjusting the chilled water supply temperature of the chiller plant in Lu Plaza to reduce chiller electricity consumption and water usage;
- Replacing LED lighting in warehouse; and
- Applying heat-insulating paint to one of the lift plantroom's roofs as a pilot scheme.

In alignment with the framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD), we systematically and continuously assess potential physical and transition risks while proactively evaluating climate-related opportunities across our operations. The Group defines short-term as up to 2026/27, medium-term as up to 2030/31, and long-term as up to 2050/51.

Environmental, Social and Governance Report

During the Reporting Period, the Group identified the following climate-related risks and opportunities:

Time Horizon Rationale:

Short-term: Defined as one year according to the Company's FY2026/27 annual report, which considers short-term as a one-year period. This reflects the Group's immediate horizon for assessing and managing climate-related risks.

Medium-term: Aligned with the Company's definition under its TCFD framework, where 2030/31 represents the medium-term target year for evaluating climate-related risks and opportunities.

Long-term: Consistent with the Company's TCFD-based definition and strategically aligned with policy roadmaps, as 2050/51 is the reference year set out in the Climate Action Plan 2050 and in many national and sectoral net-zero strategies.

Climate Risks

Risk Category: Physical risks	Risk Type: Acute Risk	Specific Event: Typhoon
Description:	Powerful storms with strong winds and heavy rain, causing destruction and flooding.	
Time Horizon:	Short-, Medium- and Long-term (2026/27, 2030/31 and 2050/51)	
Time Horizon Reference:	Acute physical risks are evaluated across short-, medium-, and long-term horizons to reflect their potential for immediate disruption, as well as the sustained adaptations they necessitate. This time frame ensures readiness for sudden extreme weather events while facilitating long-term resilience and adaptation strategies across operational landscapes.	
Potential Impacts:	<p>Financial:</p> <ul style="list-style-type: none"> Substantial replacement costs for damaged roofs, façades, signage, exterior glazing, and vital equipment (e.g., lifts, chillers, pumps); Flying debris and broken glass pose risks to interiors and tenant property during typhoon/hurricane, the Company may incur tenant compensation claims and higher insurance deductibles and premiums after events; Utility disruptions may require funding backup systems (e.g., temporary power, water pumps, communications) adding to capital or rental equipment costs; and Units rendered uninhabitable can lead to rent abatements, concessions, or vacancy, and temporary relocation support for displaced tenants increases costs and may delay revenue recognition. <p>Non-financial:</p> <ul style="list-style-type: none"> Strong winds can damage roofs, windows, facades, and mechanical equipment mounted on rooftops, interiors can be exposed to rainwater intrusion; Typhoon can severely disrupt utilities (e.g., electricity, water, internet) in affected districts; Wind-borne debris and glass can cause injuries to tenants, workers, or passersby during typhoons; Typhoon winds can rip off roofs, shatter windows, or cause facade failures in towers. This direct wind damage can render buildings uninhabitable, forcing tenants to evacuate or seek temporary shelter; and The Company risks reputational harm if it is perceived as unprepared for wind-related hazards or unresponsive in supporting displaced tenants during crisis recovery. 	
Mitigation Plan:	<ul style="list-style-type: none"> Reinforcing building structures and installing protective measures (e.g., strengthened roofs, façades, and glazing) to withstand strong winds and heavy rain; Implementing preventive flood mitigation and utility resilience measures, including drainage maintenance, backup power systems, and waterproofing of critical equipment; and Establishing emergency protocols and tenant support plans to ensure safety, minimise disruption, and maintain operational continuity during and after extreme weather events. 	

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Risk Category: Physical risks	Risk Type: Chronic Risk	Specific Event: Increase in Annual Average Temperature
Description:	A gradual elevation in the average temperature recorded over a year, typically linked to global warming and climate change trends.	
Time Horizon:	Medium- and Long-term (2030/31 and 2050/51)	
Time Horizon Reference:	Chronic physical risks are designated as medium to long term to reflect their progressive emergence and enduring impacts. This time frame allows for the strategic planning and implementation of adaptation measures to address sustained changes in climate conditions and environmental degradation.	
Potential Impacts:	<p>Financial:</p> <ul style="list-style-type: none"> • Annual electricity and peak demand costs increase as cooling seasons lengthen, reducing net operating income; • Higher cost for maintenance and operations from more frequent servicing, parts replacement, indoor air quality/humidity remediation, and monitoring; • Earlier replacement of heat-stressed HVAC equipment and envelope retrofits (e.g., insulation, glazing, shading, passive cooling); and • Rent concessions, higher vacancy or turnover, and slower lease-up where comfort issues persist or reputation is affected. <p>Non-financial:</p> <ul style="list-style-type: none"> • Elevated baseline temperatures mean cooling seasons are longer each year, so the Company experiences persistent increases in annual energy consumption, not just during peak events; • Higher baseline heat accelerates wear on mechanical cooling infrastructure (e.g., HVAC compressors, chillers, and condenser coils) because equipment never fully rests in cooler months; • Rising averages reduce the effectiveness of current building envelopes that were designed for cooler past climates, so the Company may consider investing in chronic retrofits such as upgraded facades, shading systems, and passive cooling designs; and • Warmer baselines promote persistent indoor air-quality issues, such as increased humidity, mold growth, and reduced ventilation effectiveness, leading to tenant health complaints tied to long-term comfort. 	
Mitigation Plan:	<ul style="list-style-type: none"> • Exploring further passive cooling and shading system upgrades to mitigate long-term heat stress; Replaced 24 deteriorated curtain glass panels to enhance insulation and indoor comfort; • Fine tuning, upgrading and maintaining HVAC systems to improve efficiency, extend equipment lifespan, and manage higher cooling demand; and • Implementing energy-saving measures such as optimising chiller operations, and adopting LED lighting to offset increased electricity consumption. 	

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Risk Category: Transition risks	Risk Type: Policy and Regulatory Risk	Specific Event: Stringent Emission Disclosure Requirements
Description:	Mandated detailed reporting of greenhouse gas emissions requires companies to disclose their environmental impact more transparently.	
Time Horizon:	Medium- and Long-term (2030/31 and 2050/51)	
Time Horizon Reference:	Policy and legal risks are designated as medium to long term, recognising the evolutionary nature of regulatory frameworks and policy shifts. This time frame supports the anticipation and adaptation to new legal requirements and policy developments as economies progress towards sustainability goals. These risks are not considered short term because policy and legal changes typically require extended periods to be enacted and to transmit through legal, market, and operational channels, thereby affecting market behaviour.	
Potential Impacts:	<p>Financial:</p> <ul style="list-style-type: none"> • Operating expenses increase due to monitoring hardware and software (e.g., data management, tenant metering, and third-party assurance); • Cost of capital decreases when strong disclosures improve ESG ratings and enable access to green or sustainability-linked financing; conversely, it increases if data are weak or non-compliant; • Potential penalties, legal costs, or remediation expenses arise from misreporting, control failures, or late filings; • Revenue benefits can occur from improved client trust and mandate wins where disclosure is a selection criterion; and • Product and fee income opportunities arise from participating in green/transition finance structures (e.g., sustainability-linked loans or bonds tied to portfolio upgrades). <p>Non-financial:</p> <ul style="list-style-type: none"> • Compliance with enhanced disclosure standards requires upgraded monitoring systems; • Investors and lenders use emissions disclosure for ESG ratings and for eligibility under green finance taxonomies, weak or incomplete data can reduce access to green funding; • New disclosure standards increase governance workload on management and boards, raising accountability exposure (e.g., misreporting risks); • Successfully meeting regulatory standards can enhance client trust and institutional credibility; and • New financial products that comply with these regulations may emerge, expanding investment opportunity sets available to the Company. 	
Mitigation Plan:	<ul style="list-style-type: none"> • Continue to monitor the new regulations and adapt, as necessary, our monitoring and reporting systems to ensure accurate, timely, and comprehensive greenhouse gas emissions data collection and disclosure; • Strengthening governance and internal controls to reduce misreporting risks, enhance accountability, and align with evolving regulatory frameworks; and • Leveraging improved disclosure practices to access green financing opportunities, enhance ESG ratings, and build trust with investors, clients, and stakeholders. 	

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Risk Category: Transition risks	Risk Type: Technology Risk	Specific Event: Low-Carbon Solution Implementation
Description:	Accelerated demand for developing and implementing low-carbon solutions, driven by environmental concerns and regulatory pressures.	
Time Horizon:	Medium- and Long-term (2030/31 and 2050/51)	
Time Horizon Reference:	Technology risks are designated as medium to long term, reflecting the time needed to develop, adopt, and optimise new technologies and the potential disruptions they introduce as industries transition towards more sustainable practices. These risks are not considered short term because significant impacts usually depend on significant capital commitments, integration with existing systems and processes, workforce upskilling, and vendor ecosystem maturity, all of which require extended timelines to realise benefits or reveal risks.	
Potential Impacts:	<p>Financial:</p> <ul style="list-style-type: none"> • Capital expenditures increase for retrofits, renewable installations, and efficiency upgrades; • Operating expenses decrease over time from lower utility consumption and reduced carbon-tax exposure, improving net operating income; • Revenue and valuation benefits occur through premium tenant demand, higher occupancy, or higher asset valuations for green-certified/efficient buildings; • Grants, rebates, and incentives provide cash inflows or offset project costs, improving investment viability; and • Short-term transition costs arise from training, change management, and temporary operational disruptions. <p>Non-financial:</p> <ul style="list-style-type: none"> • Retrofitting existing assets and integrating renewable or energy-efficient systems (e.g., solar PV, battery storage) requires significant upfront work and long payback horizons before benefits are realised; • Implementation improves building energy performance, reducing exposure to carbon taxes and lowering long-term operating intensity; • Green-certified and energy-efficient buildings attract investors seeking ESG-aligned assets, increasing interest and demand; • Access expands to programmes (e.g., grants, green loans, carbon incentives) that support qualified projects; and • New technologies require staff upskilling and changes in operational practices, short-term disruptions and adaptation challenges can occur during early adoption. 	
Mitigation Plan:	<ul style="list-style-type: none"> • Retrofitting existing assets (to the extent feasible or cost effective) with renewable and energy-efficient systems, such as solar PV, battery storage, and upgraded HVAC infrastructure, to reduce long-term carbon exposure; • Implementing energy-efficiency upgrades and passive cooling designs to lower utility consumption, extend equipment lifespan, and improve tenant comfort; and • Providing workforce training and change management programmes to ensure smooth adoption of new technologies and operational practices while minimising short-term disruptions. 	

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Risk Category: Transition risks	Risk Type: Market Risk	Specific Event: Shift in Consumer Preferences Towards Sustainability
Description:	Growing consumer inclination towards companies and products that align with sustainability, impacting market demand and business models.	
Time Horizon:	Medium- and Long-term (2030/31 and 2050/51)	
Time Horizon Reference:	Market risks are categorised as medium to long term due to evolving consumer preferences, competitive shifts, and economic changes that influence market dynamics and require strategic adjustments over extended periods to maintain competitiveness and sustainability. Short-term considerations are less relevant as market trends and economic shifts unfold over longer periods, necessitating sustained strategic responses.	
Potential Impacts:	<p>Financial:</p> <ul style="list-style-type: none"> • Revenue risk from lower demand, pricing pressure, or higher vacancy for assets that do not meet sustainability preferences; • Improved access to capital and potentially lower financing costs for certified sustainable assets; and • Incremental operating costs for stakeholder engagement, disclosure, and sentiment monitoring programmes. <p>Non-financial:</p> <ul style="list-style-type: none"> • Tenants and investors increasingly prioritise green-certified, high-sustainability performance buildings, assets that fail to meet expectations face preference shifts; • Changing sentiment accelerates demand for sustainable development projects and partnerships (e.g., green leases, carbon-neutral offices, green warehousing), requiring product diversification; • Tenant and community engagement expectations on environmental issues are rising, necessitating stronger communication and transparency; and • Shifts in consumer perception can be rapid and amplified by media/social channels, active monitoring of sentiment is required to manage expectation risk. 	
Mitigation Plan:	<ul style="list-style-type: none"> • Opportunistically upgrading assets to meet green certification standards and enhance sustainability performance, ensuring competitiveness in tenant and investor markets; • Opportunistically diversifying product offerings (or offering competitive rental/services packages) through sustainable development projects and partnerships, such as green leases, carbon-neutral offices, and eco-friendly leasing; and • Strengthening stakeholder engagement and communication on environmental initiatives to build trust, manage sentiment, and reinforce the Company's reputation for sustainability. 	

Environmental, Social and Governance Report

Environmental Performance Statistics

Reporting Item	Unit	2025/26			2024/25			2023/24		
		Total	Per Staff	Per GFA	Total	Per Staff	Per GFA	Total	Per Staff	Per GFA
Energy Consumption¹										
Unleaded Petrol ²	L	843	24.08	0.004	1,006	27.94	0.004	985	25.92	0.004
Electricity	kWh	219,965 ³	6,284.71	0.955	224,824	6,245.11	0.977	228,980	6,025.79	0.98
Liquefied Petroleum Gas	kg	0 ⁴	0.00	0.000	48	1.33	0.000	96	2.53	0.0004
Water Consumption^{5,6}										
Water	m ³	780	22.29	0.003	937	26.03	0.004	928	24.42	0.0040
Packaging Material										
Plastic Wrap	kg	182			183			88		
Air Emission⁷										
Nitrogen oxides (NOx)	kg	0.42			0.52			0.52		
Sulphur Oxides (SOx)	kg	0.01			0.01			0.01		
Particulate Matter (PM)	kg	0.03			0.04			0.04		
Greenhouse Gas (GHG) Emission⁸										
Scope 1	tonnes	2.24	0.06	0.000010	2.82	0.08	0.000012	2.91	0.08	0.000013
Scope 2	tonnes	74.79	2.14	0.000325	85.43	2.37	0.000518	89.30	2.35	0.000384
Operational GHG Emissions										
(Scope 1 + Scope 2)	tonnes	77.03	2.20	0.000335	88.25	2.45	0.000383	92.21	2.43	0.000397
Scope 3 ⁹	tonnes	116.64	3.33	0.000507	7.13	0.20	0.000031	4.72	0.12	0.000020
Total GHG Emissions	tonnes	193.67	5.53	0.000841	95.38	2.65	0.000414	96.93	2.55	0.000417
Hazardous/Non-hazardous Waste										
General Waste	tonnes	17.21			17.21			15.70		
Recycled Waste										
Recycled Paper	tonnes	0.31			1.05			0.86		
Recycled Wooden Pallets ¹⁰	tonnes	4.38			0.00			0.00		
Recycled/Collected Ink Cartridge/Printer Toner	tonnes	0.0022			0.00			0.00		

- 1 This only covers energy directly consumed by and controlled by the Group, excluding consumption by tenants and other third parties.
- 2 The Group currently owns two vehicles but has been trying to maximise the use of the more fuel-efficient vehicle to the extent possible. As and when these vehicles are replaced, we will ensure that fuel efficiency is one of the key criteria.
- 3 In July 2025, we replaced the server room's air conditioner with a Grade 1 energy-efficient model. This upgrade has resulted in a measurable reduction in electricity consumption, supporting our ongoing commitment to energy conservation and operational sustainability.
- 4 In our daily operations, we prioritise the using of electric forklifts. Due to the type of storage goods during the Reporting Period, the deployment of the heavy-duty LPG-powered forklifts were not required.
- 5 This only covers water directly consumed by and controlled by the Group, excluding consumption by tenants and other third parties.
- 6 Since all water usage within our properties was provided through centralised city pipelines, we did not encounter any issue regarding sourcing water that was fit for purpose during the Reporting Period.
- 7 The calculation of air emissions was performed in accordance with HKEx ESG Guideline Appendix 2: Reporting Guidance on Environmental KPIs.
- 8 The calculation of total GHG emissions was performed in accordance with the HKEx ESG Guideline Appendix 2: Reporting Guidance on Environmental KPIs, and Greenhouse Gas Protocol from World Resources Institute and World Business Council for Sustainable Development.
- 9 During the Reporting Period, we expanded the Scope 3 boundaries to include Category 1 (Purchased Goods and Services), Category 3 (Fuel- and Energy-Related Activities), Category 5 (Waste Generated in Operations) and Category 7 (Employee Commuting). This expansion resulted in a significant increase in Scope 3 emissions compared to the previous year.
The rise in emissions is primarily due to enhanced completeness and accuracy of our greenhouse gas inventory, reflecting improved data integration from our value chain and waste streams, rather than a decline in operational performance. Notably, the significant increase in Scope 3 data, particularly in Category 1, is attributed that the emission is based on the estimation the Group's values of purchased goods and services in 2025/26, which was absent in 2024/25 and not comparable.
For greater clarity, operational emissions (Scope 1 and Scope 2) have been presented separately and have remained stable or decreased, reflecting our continued efforts in operational efficiency and carbon management.
We will continue to refine our value chain greenhouse gas emissions assessment based on the 2025 calculations, achieving a more transparent and holistic view of our indirect emissions.
- 10 Beginning in March 2026, the Group appointed a certified recycler to collect abandoned wooden pallets. These pallets are repurposed into recyclable materials, reinforcing our commitment to sustainable resource management and waste reduction.

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CONTENT INDEX FOR HKEX ESG REPORTING CODE

Mandatory Disclosure Requirements		
Item	Description	Relevant Section (Page Number) and Remarks
Governance Structure	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritize and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses. 	ESG Governance (P.32)
Reporting Principles	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:</p> <p>Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.</p> <p>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p>Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>	Reporting Principles (P.30)
Reporting Boundary	<p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>	Reporting Scope (P.30)

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“Comply or explain” Provisions		
General Disclosures and KPIs	Description	Relevant Section (Page Number) and Remarks
A. Environment		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Value Our Environment (P.50)
KPI A1.1	The types of emissions and respective emissions data.	Environmental Performance Statistics (P.60)
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Performance Statistics (P.60)
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Performance Statistics (P.60)
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Air Emissions & Resource and Circularity (P.52)
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Air Emissions & Resource and Circularity (P.52)
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Value Our Environment (P.50)
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Performance Statistics (P.60)
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Performance Statistics (P.60)
KPI A2.3	Description of energy use target(s) set and steps taken to achieve them.	Resource Management (P.51)
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Resource Management (P.51)
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Performance Statistics (P.60)
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer’s significant impacts on the environment and natural resources.	Environmental Performance Statistics (P.60)
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Resource Management (P.51)

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“Comply or explain” Provisions		
General Disclosures and KPIs	Description	Relevant Section (Page Number) and Remarks
Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employee Wellbeing (P.38) Diversity, Equity and Inclusion (P.39) Human Rights and Labour Practices (P.39)
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Diversity, Equity and Inclusion (P.39)
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Human Rights and Labour Practices (P.39)
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Occupational Health and Safety (P.37)
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Occupational Health and Safety (P.37)
KPI B2.2	Lost days due to work injury.	Occupational Health and Safety (P.37)
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Occupational Health and Safety (P.37)
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	Training and Development (P.42)
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. management, middle management).	Training and Development (P.42)
KPI B3.2	The average training hours completed per employee by gender and employee category.	Training and Development (P.42)
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Human Rights and Labour Practices (P.39) No non-compliance incidents with laws and regulations related to child and forced labour was identified during the reporting period.

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“Comply or explain” Provisions		
General Disclosures and KPIs	Description	Relevant Section (Page Number) and Remarks
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	The suppliers are expected to take all appropriate measures to prohibit their employees or other persons engaged by the suppliers, from engaging in child and forced labour.
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	The suppliers are expected to take all appropriate measures to prohibit their employees or other persons engaged by the suppliers, from engaging in child and forced labour.
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Green Procurement & Supply Chain Management (P.49)
KPI B5.1	Number of suppliers by geographical region.	Green Procurement & Supply Chain Management (P.49)
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Green Procurement & Supply Chain Management (P.49)
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Green Procurement & Supply Chain Management (P.49)
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Green Procurement & Supply Chain Management (P.49)
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Value Our Services (P.47)
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The KPI is not applicable to our current scope of business.
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Tenant and Customer Engagement (P.48)
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Cyber Security and Data Governance (P.47)
KPI B6.4	Description of quality assurance process and recall procedures.	The KPI is not applicable to our current scope of business.
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Cyber Security and Data Governance (P.47)

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"Comply or explain" Provisions		
General Disclosures and KPIs	Description	Relevant Section (Page Number) and Remarks
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-Corruption and Money Laundering (Ethical Conduct) (P.49)
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-Corruption and Money Laundering (Ethical Conduct) (P.49)
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-Corruption and Money Laundering (Ethical Conduct) (P.49)
KPI B7.3	Description of anti-corruption training provide to directors and staff.	Anti-Corruption and Money Laundering (Ethical Conduct) (P.49)
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Value Our Society (P.44)
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Value Our Society (P.44)
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Value Our Society (P.44)

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Climate-related Disclosures		Relevant Section (Page Number) and Remarks
Item	Description	
(I)	Governance	
19.	An issuer shall disclose information about:	
(a)	the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:	
(i)	how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;	ESG Governance (P.32)
(ii)	how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;	
(iii)	how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;	
(iv)	how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and	
(b)	management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:	
(i)	whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and	
(ii)	whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	
(II)	Strategy	
	Climate-related risks and opportunities	
20.	An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:	
(a)	describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term;	Climate Adaptation and Resilience (P.53)
(b)	explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;	
(c)	specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and	
(d)	explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.	

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Climate-related Disclosures		
Item	Description	Relevant Section (Page Number) and Remarks
Business model and value chain		
21.	<p>An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:</p> <ul style="list-style-type: none"> (a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and (b) a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets). 	Climate Adaptation and Resilience (P.53)
Strategy and decision-making		
22.	<p>An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:</p> <ul style="list-style-type: none"> (a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about: <ul style="list-style-type: none"> (i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities; (ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect); (iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and (iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and (b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a). 	<p>We currently do not have a climate-related transition plan. Nonetheless, we will continue to closely monitor progress against our environmental objectives, with an ongoing focus on reducing carbon emissions, improving energy and water efficiency, and minimising waste generation across our operations. We will explore the feasibility of implementing a climate transition plan in the future.</p>
23.	An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	
Financial position, financial performance and cash flows		
Current financial effect		
24.	<p>An issuer shall disclose qualitative and quantitative information about:</p> <ul style="list-style-type: none"> (a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and (b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements. 	Climate Adaptation and Resilience (P.53)

Environmental, Social and Governance Report

Climate-related Disclosures		
Item	Description	Relevant Section (Page Number) and Remarks
Anticipated financial effect		
25.	<p>The issuer shall provide qualitative and quantitative disclosures about:</p> <p>(a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:</p> <p>(i) its investment and disposal plans;</p> <p>(ii) its planned sources of funding to implement its strategy; and</p> <p>(b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.</p>	<p>Due to challenges in obtaining reliable quantitative information regarding the current or anticipated financial effects of climate-related risks and opportunities, the Company has applied the Reasonable Information Relief and Capabilities Relief and will not provide such quantitative disclosures in this Report.</p>
Climate resilience		
26.	<p>An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:</p> <p>(a) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of:</p> <p>(i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis;</p> <p>(ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and</p> <p>(iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;</p> <p>(b) how and when the climate-related scenario analysis was carried out, including:</p> <p>(i) information about the inputs used, including:</p> <p>(1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios;</p> <p>(2) whether the analysis included a diverse range of climate-related scenarios;</p> <p>(3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks;</p> <p>(4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change;</p> <p>(5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;</p> <p>(6) time horizons the issuer used in the analysis; and</p> <p>(7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);</p> <p>(ii) the key assumptions the issuer made in the analysis; and</p> <p>(iii) the reporting period in which the climate-related scenario analysis was carried out.</p>	<p>Due to challenges and resource limitation in conducting a reliable and meaningful climate-related scenario analysis at this time, the Company has applied the Reasonable Information Relief and Capabilities Relief and will not provide such disclosures in this Report.</p> <p>Due to challenges and resource limitation in conducting a reliable and meaningful climate-related scenario analysis at this time, the Company has applied the Reasonable Information Relief and Capabilities Relief and will not provide such disclosures in this Report.</p>

Environmental, Social and Governance Report

Climate-related Disclosures		
Item	Description	Relevant Section (Page Number) and Remarks
(III)	Risk Management	
27.	<p>An issuer shall disclose information about:</p> <ul style="list-style-type: none"> (a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about: <ul style="list-style-type: none"> (i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes); (ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks; (iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria); (iv) whether and how the issuer prioritises climate-related risks relative to other types of risks; (v) how the issuer monitors climate-related risks; and (vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period; (b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and (c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process. 	Climate Adaptation and Resilience (P.53)
(IV)	Metrics and Targets	
	Greenhouse gas emissions	
28.	<p>An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO2 equivalent, classified as:</p> <ul style="list-style-type: none"> (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and (c) Scope 3 greenhouse gas emissions. 	Environmental Performance Statistics (P.60)
29.	<p>An issuer shall:</p> <ul style="list-style-type: none"> (a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions; (b) disclose the approach it uses to measure its greenhouse gas emissions including: <ul style="list-style-type: none"> (i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions; (ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and (iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes; (c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and 	Environmental Performance Statistics (P.60)

Environmental, Social and Governance Report

Climate-related Disclosures

Item	Description	Relevant Section (Page Number) and Remarks
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(d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).

Climate-related transition risks

30.	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	Due to challenges in obtaining or disclosing reliable cross-industry metrics at this time, the Company has applied the Reasonable Information Relief and will not provide such disclosures in this Report.
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Climate-related physical risks

31.	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	Due to challenges in obtaining or disclosing reliable cross-industry metrics at this time, the Company has applied the Reasonable Information Relief and will not provide such disclosures in this Report.
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Climate-related opportunities

32.	An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	Due to challenges in obtaining or disclosing reliable cross-industry metrics at this time, the Company has applied the Reasonable Information Relief and will not provide such disclosures in this Report.
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Capital deployment

33.	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	Due to challenges in obtaining or disclosing reliable cross-industry metrics at this time, the Company has applied the Reasonable Information Relief and will not provide such disclosures in this Report.
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Internal carbon prices

34.	An issuer shall disclose: <ul style="list-style-type: none"> (a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; 	We have not yet factored a carbon price into our decision-making processes. We will explore the feasibility of establishing an internal carbon pricing mechanism where appropriate.
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Environmental, Social and Governance Report

Climate-related Disclosures		
Item	Description	Relevant Section (Page Number) and Remarks
Remuneration		
35.	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	Our current remuneration policy does not include climate-related considerations. We will explore the feasibility in factoring climate-related considerations into executive's remuneration where appropriate.
Industry-based metrics		
36.	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	Due to challenges in obtaining or disclosing reliable cross-industry metrics at this time, the Company has applied the Reasonable Information Relief and will not provide such disclosures in this Report.
Climate-related targets		
37.	An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose: <ul style="list-style-type: none"> (a) the metric used to set the target; (b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives); (c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region); (d) the period over which the target applies; (e) the base period from which progress is measured; (f) milestones or interim targets (if any); (g) if the target is quantitative, whether the target is an absolute target or an intensity target; and (h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target. 	Value Our Environment (P.50)
38.	An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including: <ul style="list-style-type: none"> (a) whether the target and the methodology for setting the target has been validated by a third party; (b) the issuer's processes for reviewing the target; (c) the metrics used to monitor progress towards reaching the target; and (d) any revisions to the target and an explanation for those revisions. 	The targets have not yet been validated by a third party. Value Our Environment (P.50)
39.	An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	

Environmental, Social and Governance Report

Climate-related Disclosures		
Item	Description	Relevant Section (Page Number) and Remarks
40.	For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:	
	(a) which greenhouse gases are covered by the target;	Value Our Environment (P.50)
	(b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;	
	(c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target;	The GHG target is a net target.
	(d) whether the target was derived using a sectoral decarbonisation approach; and	The GHG target was not derived using a sectoral decarbonisation approach.
	(e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose:	
	(i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;	We have no plan to use carbon credits to offset GHG emissions.
	(ii) which third-party scheme(s) will verify or certify the carbon credits;	
	(iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and	
	(iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).	
Applicability of cross-industry metrics and industry-based metrics		
41.	In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).	Value Our Environment (P.50)

Directors' Report

The directors present their annual report and the audited financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2026.

PRINCIPAL ACTIVITIES

The Company is engaged in investment holding and treasury investment. The principal activities of its principal subsidiaries are set out in note 29 to the consolidated financial statements.

SHARE CAPITAL

There was no movement in the share capital of the Company during the year.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2026 are set out in the consolidated statement of profit or loss and other comprehensive income on page 83.

An interim dividend of HK3 cents per share, amounting to HK\$12,150,000 was paid to the shareholders during the year. The directors now recommend the payment of a final dividend of HK5 cents per share amounting to HK\$20,250,000 to the shareholders whose names appear on the register of members on 2 September 2026.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 March 2026, the Company's reserves available for distribution to shareholders represented the retained profits of HK\$706,571,000 (2025: HK\$734,498,000).

DIRECTORS

(a) Directors of the Company

The directors of the Company during the year and up to the date of this report were:

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

In accordance with Articles 78 and 79 of the Company's Articles of Association, Mr. Lu Wing Yee, Wayne and Ms. Lu Wing Man, Melissa shall retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Directors' Report

DIRECTORS (Continued)

(a) Directors of the Company (Continued)

Details of the directors to be re-elected at the 2026 annual general meeting are set out in a circular to the shareholders sent together with this Annual Report.

No director of the Company proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

As at the date of this report, all the non-executive directors (including independent non-executive directors) were appointed without a specific term subject to retirement by rotation and re-election in accordance with the Company's Articles of Association.

(b) Directors of the Company's subsidiaries

During the year and up to the date of this report, Mr. Lu Wing Yee, Wayne and Ms. Lu Wing Man, Melissa also are directors of all subsidiaries of the Company. Other directors of the Company's subsidiaries during the year and up to the date of this report are Ms. Chan Koon Fung, Mr. Ng Gei, Mr. Huang Huei Ru and Mr. Wong Hung Chin.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2026, the interests of the directors of the Company and their associates in the shares of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Name of directors	Number of issued ordinary shares of the Company held (long position)				Total interests	Approximate percentage of issued shares of the Company ¹
	Personal interests	Family interests	Corporate interests	Other interests		
Mr. Lu Wing Yee, Wayne	28,301,580	–	–	–	28,301,580	6.988%
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%

1. Based on 405,000,000 shares in issue as at 31 March 2026.

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 31 March 2026.

Directors' Report

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. In addition, none of the directors, or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right during the year.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Other than as disclosed in note 24 to the consolidated financial statements, no transactions, arrangements and contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company or his/her connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this report, Mr. Lu Wing Yee, Wayne and Ms. Lu Wing Man, Melissa are considered to have interests in the businesses which compete or are likely to compete with the businesses of the Group pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as Mr. Lu held directorships and had beneficial interests while Ms. Lu had beneficial interests in two companies, namely KNF Investment Holdings Ltd. and Globetech Enterprises Limited which have interests in securities investment (including equity and debt securities investments).

The Board is of the view that the Group is capable of carrying on its businesses independently of the interests referred to in the paragraph above. When making decisions on the treasury investment business, Mr. Lu and Ms. Lu, in the performance of their duties as directors of the Company, have acted and will continue to act in the best interest of the Group.

Save for the above, none of the directors of the Company had any interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

PERMITTED INDEMNITY PROVISIONS

The Company's Articles of Association provides that every director, managing director, auditor, company secretary and other officer for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him/her in relation to the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favour or in which he/she is acquitted or in connexion with any application as specified therein in which relief is granted to him/her by the court.

Directors' Report

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2026, 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 shares of the Company:

Name of substantial shareholders	Capacity	Number of issued ordinary shares held (Long Position)		Approximate percentage of issued share of the Company ³
		Direct interest	Indirect interest	
Kian Nan Financial Limited	Beneficial interest	147,610,335	–	36.45%
Eargold Limited	Beneficial interest	31,050,000	–	7.67%
Lusin And Company Limited	Beneficial interest	51,244,519	–	12.65%
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	8,968,500	229,904,854 ²	58.98%

Notes:

1. The shares were held by Eargold Limited. Each of Chelton Trading Limited and Gladiator Investments Co. owned as to 50% of Eargold Limited and, therefore, they were taken to be interested in 31,050,000 shares held by Eargold Limited.
2. Among these 229,904,854 shares, (a) Ms. Chan Koon Fung was taken to be interested in 31,050,000 shares through Eargold 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%; and (c) she was taken to be interested in 51,244,519 shares which were held by Lusin And Company Limited, in which Ms. Chan owned 38.75%.
3. Based on 405,000,000 shares in issue as at 31 March 2026.

Other than as disclosed above, as at 31 March 2026, 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.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into during the year or subsisted at the end of the year.

RELATED PARTY TRANSACTIONS

Details of the related party transactions are set out in note 24 to the consolidated financial statements. Those related party transactions did not constitute connected transactions or continuing connected transactions but constituted exempted connected transactions and/or exempted continuing connected transactions under the Listing Rules.

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:

The Directors' fees for executive Directors and non-executive Directors (including independent non-executive Directors) of the Company were increased by approximately 3.1% and 2.9% respectively, with effect from 1 April 2026, compared with those in 2025.

Directors' Report

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's largest customer accounted for 8% (2025: 8%) of its turnover.

The aggregate revenue attributable to the Group's five largest customers accounted for 21% (2025: 21%) of the Group's total turnover.

In addition, the nature of the activities of the Group is such that no major supplier contributed significantly to the Group's purchases.

At no time during the year did the directors, their associates or any shareholders (which to the knowledge of the directors own more than 5% of the Company's issued shares) have any interest in any of the Group's five largest customers.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares (including sale of treasury shares, if any) during the year. As at 31 March 2026, the Company did not hold any treasury shares.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive directors has made confirmation of his independence pursuant to Rule 3.13 of the Listing Rules to the Company. The Company considers all of the independent non-executive directors are independent.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up and reviewed from time to time by the Remuneration and Nomination Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are reviewed by the Remuneration and Nomination Committee, having regard to the Company's operating results, individual performance and market comparables.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the directors, the Company has maintained a sufficient public float throughout the year ended 31 March 2026.

DONATIONS

During the year, the Group made charitable and other donations amounting to HK\$460,000.

CORPORATE GOVERNANCE

The Board is committed to achieving and maintaining high standards of corporate governance. The Company has complied throughout the year ended 31 March 2026 with all the applicable code provisions in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, with the exception of certain deviations of which were re-complied with on 1 July 2025. Detailed information on the Company's corporate governance practices and certain deviations and re-compliance is set out in the Corporate Governance Report contained in pages 14 to 29 of the Annual Report.

Directors' Report

BUSINESS REVIEW AND PERFORMANCE

Review on the business of the Group, discussion and analysis on the performance of the Group during the year, significant factors affecting performance and financial position (including the analysis from the usage of financial key ratio) and the Group's future business development were set out in pages 6 to 7 of the Chairman's Statement, pages 8 to 13 of the Management Discussion and Analysis, and page 5 of Five-year Financial Summary.

An overview on the financial performance of the Group's business segments, financial resources, compliance with regulations, relationships with its key stakeholders and the principal risk and uncertainties are set out in pages 8 to 13 of the Management Discussion and Analysis while social responsibilities and environmental protection policies were set out in pages 14 to 72 of the Corporate Governance Report and the Environmental, Social and Governance Report.

Different parts of this Annual Report contain information on the Group's compliance with relevant laws and regulations that have a significant influence on it. The Environmental, Social and Governance Report also contains information on environmental policy and performance, as well as the relationship between the Group and its major stakeholders.

Discussion on the above-mentioned issues provided from the Chairman's Statement, Management Discussion and Analysis, Five-year Financial Summary, Corporate Governance Report and Environmental, Social and Governance Report which form part of this Directors' Report.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Lu Wing Yee, Wayne

Chairman and Executive Director

Hong Kong, 23 June 2026

Independent Auditor's Report

Deloitte.

德勤

TO THE MEMBERS OF SAFETY GODOWN COMPANY, LIMITED

(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Safety Godown Company, Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 83 to 127, which comprise the consolidated statement of financial position as at 31 March 2026, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2026, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

How our audit addressed the key audit matter

Valuation of investment properties

We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with significant judgments associated with determining the fair value.

As at 31 March 2026, the Group's investment properties amounted to HK\$2,172,200,000, representing approximately 60% of the Group's total assets. During the year, a decrease in fair value of investment properties of HK\$271,450,000 was recognised in the consolidated statement of profit or loss and other comprehensive income.

The Group's investment properties were carried at fair value based on the valuations performed by the independent qualified professional valuers (the "Valuers"). Details of the valuation techniques and key inputs used in the valuations are disclosed in note 13 to the consolidated financial statements. The valuations were dependent on certain key inputs that involve the management's judgments, including capitalisation rates and market unit rents.

Our procedures in relation to the valuation of investment properties included:

- Understanding the management's process over the valuation of investment properties and evaluating the competence, capabilities and objectivity of the Valuers;
- Assessing the appropriateness and reasonableness of the valuation methodology and key inputs used in valuation; and
- Checking the reasonableness of key inputs used in the valuations, on a sample basis, by comparing to relevant market information on market unit rents achieved, capitalisation rates adopted and market observable transactions in other comparable properties in the neighbourhood.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditor's Report

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lee, Carmen Kar Man (practising certificate number: P07879).

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
23 June 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2026

	Notes	2026 HK\$'000	2025 HK\$'000
Revenue	5	<u>160,307</u>	<u>177,462</u>
Income from godown operations		15,686	15,808
Income from property investment		104,752	110,930
Interest income		30,318	44,424
Dividend income		9,551	6,300
Other gains and losses		68,629	33,706
Exchange gain, net		1,327	–
Decrease in fair value of investment properties	13	(271,450)	(395,313)
Staff costs		(21,393)	(20,728)
Depreciation of property, plant and equipment		(18,357)	(21,878)
Impairment loss on trade and other receivables under expected credit loss (“ECL”) model		(183)	–
Other expenses		<u>(32,566)</u>	<u>(28,384)</u>
Loss before taxation	9	(113,686)	(255,135)
Taxation	10	<u>(14,850)</u>	<u>(10,374)</u>
Loss and total comprehensive expense for the year attributable to owners of the Company		<u>(128,536)</u>	<u>(265,509)</u>
Loss per share – Basic	12	<u>(HK\$0.32)</u>	<u>(HK\$0.66)</u>

Consolidated Statement of Financial Position

At 31 March 2026

	<i>Notes</i>	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Non-current assets			
Investment properties	13	2,172,200	2,442,800
Property, plant and equipment	14	130,675	145,934
		<u>2,302,875</u>	<u>2,588,734</u>
Current assets			
Financial assets at fair value through profit or loss ("FVTPL")	15	356,093	316,994
Trade and other receivables	16	15,782	16,770
Tax recoverable		–	484
Bank deposits	17	867,340	771,615
Other deposits	17	28,156	33,723
Bank balances and cash	17	34,287	18,961
		<u>1,301,658</u>	<u>1,158,547</u>
Current liabilities			
Other payables	18	50,285	36,046
Tax payable		22,126	18,166
		<u>72,411</u>	<u>54,212</u>
Net current assets		<u>1,229,247</u>	<u>1,104,335</u>
		<u>3,532,122</u>	<u>3,693,069</u>
Capital and reserves			
Share capital	19	178,216	178,216
Reserves		3,244,668	3,405,604
Equity attributable to owners of the Company		<u>3,422,884</u>	<u>3,583,820</u>
Non-current liabilities			
Long-term tenants' deposits received		17,837	18,994
Deferred tax liabilities	20	90,320	89,080
Provision for long service payments	21	1,081	1,175
		<u>109,238</u>	<u>109,249</u>
		<u>3,532,122</u>	<u>3,693,069</u>

The consolidated financial statements on pages 83 to 127 were approved and authorised for issue by the Board of Directors on 23 June 2026 and are signed on its behalf by:

Lu Wing Yee, Wayne
Director

Lu Wing Man, Melissa
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2026

	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 2024	178,216	691,888	3,009,600	3,879,704
Loss and total comprehensive expense for the year	–	–	(265,509)	(265,509)
Dividends appropriation (<i>note 11</i>)	–	–	(30,375)	(30,375)
At 31 March 2025	178,216	691,888	2,713,716	3,583,820
Loss and total comprehensive expense for the year	–	–	(128,536)	(128,536)
Dividends appropriation (<i>note 11</i>)	–	–	(32,400)	(32,400)
At 31 March 2026	178,216	691,888	2,552,780	3,422,884

Consolidated Statement of Cash Flows

For the year ended 31 March 2026

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Operating activities		
Loss before taxation	(113,686)	(255,135)
Adjustments for:		
Unrealised gain on financial assets at FVTPL	(48,988)	(27,158)
Decrease in fair value of investment properties	271,450	395,313
Reduction of provision for long service payments	(94)	(152)
Depreciation of property, plant and equipment	18,357	21,878
Impairment loss on trade and other receivables under ECL model	183	–
Loss on disposals of property, plant and equipment	2	8
	<hr/>	<hr/>
Operating cash flows before movements in working capital	127,224	134,754
Decrease in trade and other receivables	550	2,360
Decrease (increase) in financial assets at FVTPL	9,889	(114,259)
Increase (decrease) in other payables and long-term tenants' deposits received	16,778	(7,504)
	<hr/>	<hr/>
Cash generated from operations	154,441	15,351
Income tax paid	(9,166)	(11,568)
	<hr/>	<hr/>
Net cash from operating activities	145,275	3,783
	<hr/>	<hr/>
Investing activities		
Withdrawal of bank deposits	7,418,337	4,545,749
Placement of bank deposits	(7,514,062)	(4,472,438)
Withdrawal of other deposits	151,134	54,748
Placement of other deposits	(145,567)	(86,281)
Payments for investment properties	(4,375)	(8,541)
Purchase of property, plant and equipment	(3,100)	(5,713)
	<hr/>	<hr/>
Net cash (used in) from investing activities	(97,633)	27,524
	<hr/>	<hr/>
Cash used in a financing activity		
Dividends paid	(32,316)	(30,627)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	15,326	680
Cash and cash equivalents at beginning of the year	18,961	18,281
	<hr/>	<hr/>
Cash and cash equivalents at end of the year, represented by bank balances and cash	34,287	18,961
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

1. GENERAL INFORMATION

Safety Godown Company, Limited (the “Company”) is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its ultimate controlling party is Ms. Chan Koon Fung, who is also a director of some of the Company’s subsidiaries. The address of the registered office and principal place of business of the Company is disclosed in the section headed “Corporate Information” in the annual report.

The Company and its subsidiaries (collectively referred to as the “Group”) are engaged in investment holding, treasury investment, property investment and operation of a public godown. The principal activities of its principal subsidiaries are set out in note 29.

The consolidated financial statements are presented in Hong Kong dollar (“HK\$”), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 20	Regulatory Assets and Regulatory Liabilities ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

⁴ Effective for annual periods beginning on or after 1 January 2029.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Continued)

New and amendments to HKFRS Accounting Standards in issue but not yet effective (Continued)

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all these amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 “*Presentation and Disclosure in Financial Statements*”, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 “*Presentation of Financial Statements*”. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 “*Accounting Policies, Changes in Accounting Estimates and Errors*” and HKFRS 7 “*Financial Instruments: Disclosures*”. Minor amendments to HKAS 7 “*Statement of Cash Flows*” and HKAS 33 “*Earnings per Share*” are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement, or the structure and presentation of the consolidated statement of profit or loss and other comprehensive income.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.1 Basis of preparation of consolidated financial statements (Continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 “*Share-based Payment*”, leasing transactions that are accounted for in accordance with HKFRS 16 “*Leases*”, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 “*Inventories*” or value in use in HKAS 36 “*Impairment of Assets*”.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equal the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, that is, when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair value adjusted to exclude any prepaid or accrued operating lease income. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below) and are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which include both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

If a property becomes an investment property because its use has changed as evidenced by the end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the property, the property revaluation reserve will be transferred directly to retained profits.

Depreciation is recognised so as to write off the cost of assets other than property, plant and equipment under construction less their residual values over their estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Property, plant and equipment (Continued)

Ownership interests in leasehold land and building (Continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment on property, plant and equipment

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment is estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years.

Financial instruments

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is not held for trading.

(i) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("FVTOCI") or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under ECL model on financial assets (including trade and other receivables, bank and other deposits and bank balances) which are subject to impairment assessment under HKFRS 9 "*Financial Instruments*". The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

The Group always recognises lifetime ECL for trade receivables and deferred lease receivables. For all other instruments, the Group measures the loss allowance equal to 12-month ECL ("12m ECL"), unless when there has been a significant increase in credit risk since initial recognition, in which cases the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

The Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities (including other payables and long-term tenants' deposits received) are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before taxation because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied on the same taxable entity by the same taxation authority.

Current and deferred taxes are recognised in profit or loss.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at the inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee

Right-of-use assets

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property in “property, plant and equipment”, the same line item within which the corresponding underlying assets would be presented if they were owned. Right-of-use assets that meet the definition of investment property are presented within “investment properties”.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. When a lease contract contains a specific clause that provides for rent reduction or suspension of rent in the event that the underlying assets (or any part thereof) are affected by adverse events beyond the control of the Group and the lessee so as to render the underlying assets unfit or not available for use, the relevant rent reduction or suspension of rent resulting from the specific clause is accounted for as part of the original lease and not as a lease modification. Such rent reduction or suspension of rent is recognised in profit or loss in the period in which the event or condition that triggers those payments to occur.

Rental income which are derived from the Group’s ordinary course of business are presented as revenue.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, and annual leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS Accounting Standard requires or permits their inclusion in the cost of an asset.

Cash and cash equivalents

Cash and cash equivalents presented by bank balances and cash on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits; and
- (b) cash equivalents, which comprises of short-term, highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgment in applying accounting policies

The following is the critical judgment, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that has the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolio and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. The Group has not recognised any deferred tax on changes in fair value of investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a. Fair value of investment properties

At the end of the reporting period, the Group's investment properties are carried at a total fair value of HK\$2,172,200,000 (2025: HK\$2,442,800,000) based on the valuations performed by independent qualified professional valuers. The determination of the fair value involves certain assumptions of market conditions and significant unobservable inputs which are set out in note 13.

In relying on those valuation reports, the directors of the Company have exercised their judgments and are satisfied that the methods of valuations, assumptions and key inputs are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

b. Depreciation on property, plant and equipment

In determining the estimated useful lives of the property, plant and equipment, the Group's management makes reference to the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Any changes to the estimated useful lives of the property, plant and equipment may cause a material adjustment to the carrying amount and the depreciation charge within the next financial year.

At 31 March 2026, the carrying amount of the property, plant and equipment is HK\$130,675,000 (2025: HK\$145,934,000). Details of the movements are disclosed in note 14.

5. REVENUE

The amount represents the following revenue recognised during the year:

	2026 HK\$'000	2025 HK\$'000
Income from godown operations (<i>note a</i>)	15,686	15,808
Income from property investment (<i>note b</i>)	104,752	110,930
Dividend income from listed and unlisted investments	9,551	6,300
Bank interest income	26,682	41,309
Other interest income	3,636	3,115
	<u>160,307</u>	<u>177,462</u>

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

5. REVENUE (Continued)

Notes:

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

	2026 HK\$'000	2025 HK\$'000
Income from godown operations		
Types of goods or services (time of revenue recognition):		
Inward and outward coolie income (recognised at a point in time)	1,223	1,297
Transportation and other income (recognised at a point in time)	2,030	1,503
Storage service income (recognised over time)	12,433	13,008
	<u>15,686</u>	<u>15,808</u>
Geographical market:		
Hong Kong	<u>15,686</u>	<u>15,808</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 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.

- (b) Leases

	2026 HK\$'000	2025 HK\$'000
For operating leases:		
Lease payments received that are fixed income from property investment	<u>104,752</u>	<u>110,930</u>

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

6. SEGMENT INFORMATION

Information analysed on the basis of the operation of the Group's businesses, including godown operations, property investment and treasury investment, is reported to the chief operating decision maker, being one of the executive directors of the Company, for the purposes of resources allocation and performance assessment of each operating segment. The Group's operating and reportable segments under HKFRS 8 "Operating Segments" are therefore 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 year ended 31 March 2026

	Godown operations <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	<u>15,686</u>	<u>104,752</u>	<u>39,869</u>	<u>160,307</u>
Segment (loss) profit	<u>(1,793)</u>	<u>(214,560)</u>	<u>109,495</u>	<u>(106,858)</u>
Central administrative costs				<u>(6,828)</u>
Loss before taxation				<u>(113,686)</u>
	Godown operations <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<i>Assets</i>				
Segment assets	116,029	2,197,405	1,256,230	3,569,664
Bank balances and cash				34,287
Unallocated other assets				582
Consolidated total assets				<u>3,604,533</u>
<i>Liabilities</i>				
Segment liabilities	1,823	42,358	15,917	60,098
Tax payable				22,126
Deferred tax liabilities				90,320
Unallocated other liabilities				9,105
Consolidated total liabilities				<u>181,649</u>

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

6. SEGMENT INFORMATION (Continued)

For the year ended 31 March 2026 (Continued)

	Godown operations <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Consolidated total <i>HK\$'000</i>
<i>Other information</i>				
Amounts included in the measure of segment profit or loss or segment assets:				
Capital expenditure	32	3,918	–	3,950
Depreciation of property, plant and equipment	16,073	2,205	79	18,357
Fair value gain on financial assets at FVTPL	–	–	67,903	67,903
Impairment loss on trade receivables	183	–	–	183

For the year ended 31 March 2025

	Godown operations <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	15,808	110,930	50,724	177,462
Segment (loss) profit	(1,232)	(332,807)	85,381	(248,658)
Central administrative costs				(6,477)
Loss before taxation				(255,135)
	Godown operations <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<i>Assets</i>				
Segment assets	129,092	2,473,364	1,124,751	3,727,207
Bank balances and cash				18,961
Unallocated other assets				1,113
Consolidated total assets				3,747,281
<i>Liabilities</i>				
Segment liabilities	2,399	44,399	111	46,909
Tax payable				18,166
Deferred tax liabilities				89,080
Unallocated other liabilities				9,306
Consolidated total liabilities				163,461

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

6. SEGMENT INFORMATION (Continued)

For the year ended 31 March 2025 (Continued)

	Godown operations <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Consolidated total <i>HK\$'000</i>
<i>Other information</i>				
Amounts included in the measure of segment profit or loss or segment assets:				
Capital expenditure	123	19,970	22	20,115
Depreciation of property, plant and equipment	17,060	4,701	117	21,878
Fair value gain on financial assets at FVTPL	–	–	33,140	33,140

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. 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.

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than the Group's corporate assets and bank balances and cash; and
- all liabilities are allocated to operating segments other than the Group's corporate liabilities, tax payable and deferred tax liabilities.

Information about major customers

None of the corresponding revenue from customers contribute over 10% of the total revenue of the Group for the years ended 31 March 2026 and 2025.

Revenue from major services and investments

Analysis of the Group's revenue from its major services and investments are set out in note 5.

All the business operations and major non-current assets of the Group for both years are derived from and located in Hong Kong.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

7. DIRECTORS' EMOLUMENTS

The emoluments paid or payable during the year to each of the six (2025: six) directors were as follows:

	Executive Directors		Non-executive director	Independent non-executive directors			Total HK\$'000
	Lu Wing Yee, Wayne HK\$'000 (Note i)	Lu Wing Man, Melissa HK\$'000 (Note ii)	Lee Ka Sze, Carmelo HK\$'000	Lam Ming Leung HK\$'000	Leung Man Chiu, Lawrence HK\$'000	Wong Wilkie HK\$'000	
2026							
Fees	39	97	307	307	345	282	1,377
Salaries and allowance	16	2,745	-	-	-	-	2,761
Retirement benefits scheme contributions	19	18	-	-	-	-	37
Total emoluments	74	2,860	307	307	345	282	4,175

	Executive Director		Non-executive director	Independent non-executive directors			Total HK\$'000
	Lu Wing Yee, Wayne HK\$'000	Lu Wing Man, Melissa HK\$'000	Lee Ka Sze, Carmelo HK\$'000	Lam Ming Leung HK\$'000	Leung Man Chiu, Lawrence HK\$'000	Wong Wilkie HK\$'000	
2025							
Fees	38	38	297	297	334	218	1,222
Salaries and allowance	6	2,632	-	-	-	-	2,638
Retirement benefits scheme contributions	18	18	-	-	-	-	36
Total emoluments	62	2,688	297	297	334	218	3,896

Notes:

- (i) Mr. Lu Wing Yee, Wayne, an Executive Director of the Company, was appointed as the Chairman of the Board with effect from 1 July 2025. His emoluments disclosed above include his service as an Executive Director and his role as Chairman during the year.
- (ii) Ms. Lu Wing Man, Melissa, an Executive Director of the Company, was appointed as the Managing Director (Chief Executive) of the Company with effect from 1 July 2025. Her emoluments disclosed above include those services rendered by her as the Managing Director of the Company. Prior to her appointment, the position of Chief Executive has been vacant until 30 June 2025.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The emoluments of the non-executive director and independent non-executive directors shown above were for their services as directors of the Company.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included one (2025: one) director, detail of whose remuneration are set out in note 7 above. Details of the remuneration for the year of the remaining four (2025: four) highest paid employees who are neither director nor chief executive of the Company are as follow:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Salaries and other benefits	4,387	4,229
Discretionary bonus	361	348
Retirement benefits scheme contributions	36	36
	<u>4,784</u>	<u>4,613</u>

The emoluments of the individuals were within the following bands:

	2026 <i>Number of employees</i>	2025 <i>Number of employees</i>
Nil to HK\$1,000,000	1	1
HK\$1,000,001 to HK\$1,500,000	2	2
HK\$1,500,001 to HK\$2,000,000	1	1
	<u>4</u>	<u>4</u>

9. LOSS BEFORE TAXATION

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Loss before taxation has been arrived at after charging (crediting):		
Auditor's remuneration		
– audit service	1,314	1,288
– non-audit services	649	602
Gross rental income from investment properties	(104,752)	(110,930)
Less: direct operating expenses for investment properties that generated rental income during the year	19,036	15,038
direct operating expenses for investment properties that did not generate rental income during the year	1,088	866
	<u>(84,628)</u>	<u>(95,026)</u>
Net rental income	(84,628)	(95,026)
Fair value gain on financial assets at FVTPL (<i>note</i>)	(67,903)	(33,140)
	<u>(152,531)</u>	<u>(128,166)</u>

Note: Amount included in other gains and losses.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

10. TAXATION

	2026 HK\$'000	2025 HK\$'000
The charge comprises:		
Hong Kong Profits Tax		
Current year	13,076	8,860
Under-provision in prior years	534	101
	<u>13,610</u>	<u>8,961</u>
Deferred taxation (<i>note 20</i>)		
Current year	1,240	1,413
	<u>14,850</u>	<u>10,374</u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

The taxation for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2026 HK\$'000	2025 HK\$'000
Loss before taxation	<u>(113,686)</u>	<u>(255,135)</u>
Tax credit at the domestic income tax rate of 16.5% (2025: 16.5%)	(18,758)	(42,097)
Tax effect of expenses not deductible for tax purpose	46,932	65,437
Tax effect of income not taxable for tax purpose	(12,124)	(8,041)
Tax effect of tax losses not recognised	1,012	903
Tax effect of utilisation of tax losses previously not recognised	(2,893)	(5,892)
Under-provision in prior years	534	101
Others	147	(37)
	<u>14,850</u>	<u>10,374</u>

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

11. DIVIDENDS

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Interim dividend appropriation in respect of 2026 – HK3 cents (2025: HK3 cents) per ordinary share	12,150	12,150
Final dividend appropriation in respect of 2025 – HK5 cents (2024: HK4.5 cents) per ordinary share	<u>20,250</u>	<u>18,225</u>
	<u><u>32,400</u></u>	<u><u>30,375</u></u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2026 of HK5 (2025: HK5) cents per share, in aggregate amounting to HK\$20,250,000 (2025: HK\$20,250,000) has been proposed by the directors of the Company and is subject to the approval by shareholders in the forthcoming annual general meeting.

12. LOSS PER SHARE – BASIC

The calculation of basic loss per share is based on loss for the year attributable to owners of the Company of HK\$128,536,000 (2025: HK\$265,509,000) and on 405,000,000 (2025: 405,000,000) shares in issue throughout both years.

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

13. INVESTMENT PROPERTIES

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
AT FAIR VALUE		
At beginning of the year	2,442,800	2,812,400
Additions	850	14,401
Transfer from property, plant and equipment	–	11,312
Decrease in fair value recognised in profit or loss	<u>(271,450)</u>	<u>(395,313)</u>
At end of the year	<u><u>2,172,200</u></u>	<u><u>2,442,800</u></u>

The Group leases out various offices and godown premises under operating leases with rentals receivable monthly. The leases typically run for an initial period of 1 month to 6 years (2025: 1 month to 6 years), with unilateral rights to extend the lease beyond the initial period given to lessees only. A majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

13. INVESTMENT PROPERTIES (Continued)

The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

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.

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.

The fair values of the Group's investment properties as at 31 March 2026 amounting to HK\$2,172,200,000 (2025: HK\$2,442,800,000) have been arrived at on the basis of valuations carried out on that date by Colliers International (HK) Limited, independent qualified professional valuers. 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 at on the basis of capitalisation of the rental income receivable and the 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\$271,450,000 (2025: HK\$395,313,000) which has been included in the consolidated statement of profit or loss and other comprehensive income.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

13. INVESTMENT PROPERTIES (Continued)

The following table gives information about how the fair values of the major investment properties are determined (in particular, the valuation techniques and key inputs used), as well as 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.

Major investment properties held by the Group in the consolidated statement of financial position	Fair value		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value	Sensitivity
	2026 HK\$'000	2025 HK\$'000					
Industrial/office property in Kwun Tong – Lu Plaza	1,508,000	1,700,000	Level 3	Income capitalisation approach:	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, prevailing market condition, of 5.25% (2025: 5.0%).	The higher the capitalisation rate, the lower the fair value, and vice versa.	Note (a)
				The key inputs are:			
				(i) capitalisation rate			
				(ii) market unit rent	Market unit rent, taking into account direct market comparables of the property.	The higher the market unit rent, the higher the fair value, and vice versa.	Note (b)
Industrial/godown premises in Kwai Chung – Safety Godown	582,300	655,600	Level 3	Income capitalisation approach:	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, prevailing market condition, of 4.6% (2025: 4.4%).	The higher the capitalisation rate, the lower the fair value, and vice versa.	Note (a)
				The key inputs are:			
				(i) capitalisation rate			
				(ii) market unit rent	Market unit rent, taking into account direct market comparables of the property.	The higher the market unit rent, the higher the fair value, and vice versa.	Note (b)

Notes:

- (a) A slight increase or decrease in the capitalisation rate would result in a significant decrease or increase in fair value and vice versa.
- (b) A significant increase or decrease in the market unit rent would result in a significant increase or decrease in fair value and vice versa.

There were no transfers into or out of Level 3 during both years.

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For the year ended 31 March 2026

14. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets – leasehold lands <i>HK\$'000</i>	Owned properties <i>HK\$'000</i>	Leasehold improvements, furniture, fixtures and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Construction in progress <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST						
At 1 April 2024	114,042	122,865	78,603	1,145	11,312	327,967
Additions	–	–	5,713	–	–	5,713
Transfer to investment properties	–	–	–	–	(11,312)	(11,312)
Disposal/written off	–	–	(297)	–	–	(297)
At 31 March 2025	114,042	122,865	84,019	1,145	–	322,071
Additions	–	–	3,100	–	–	3,100
Disposal/written off	–	–	(250)	–	–	(250)
At 31 March 2026	114,042	122,865	86,869	1,145	–	324,921
DEPRECIATION						
At 1 April 2024	26,210	73,287	53,906	1,145	–	154,548
Provided for the year	3,786	7,480	10,612	–	–	21,878
Eliminated on disposal/written off	–	–	(289)	–	–	(289)
At 31 March 2025	29,996	80,767	64,229	1,145	–	176,137
Provided for the year	3,785	6,791	7,781	–	–	18,357
Eliminated on disposal/written off	–	–	(248)	–	–	(248)
At 31 March 2026	33,781	87,558	71,762	1,145	–	194,246
CARRYING AMOUNTS						
At 31 March 2026	<u>80,261</u>	<u>35,307</u>	<u>15,107</u>	<u>–</u>	<u>–</u>	<u>130,675</u>
At 31 March 2025	<u>84,046</u>	<u>42,098</u>	<u>19,790</u>	<u>–</u>	<u>–</u>	<u>145,934</u>

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment, except for construction in progress, after taking account their residual values, are depreciated to write off their cost over their estimated useful lives on a straight-line basis at the following rates per annum:

Right-of-use assets – leasehold lands	The unexpired term of the land lease
Owned properties	Shorter of the useful life of the buildings or the unexpired term of the land lease (3% to 7% per annum)
Leasehold improvements, furniture, fixtures and equipment	10% to 25% per annum
Motor vehicles	25% per annum

During the year ended 31 March 2025, the Group's construction in progress amounted to HK\$11,312,000 was transferred to investment properties upon the end of owner-occupation and commencement of leasing out to independent third parties.

The Group owns several godown premises, where its godown facilities are primarily located. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

15. FINANCIAL ASSETS AT FVTPL

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Equity investments, at fair value:		
Listed:		
In Hong Kong	139,716	89,677
Overseas	9,225	–
	<u>148,941</u>	<u>89,677</u>
Listed overseas, investment funds at fair value	78,109	113,426
Unlisted, investment funds at fair value	25,240	25,865
Unlisted, debt instruments at fair value	103,803	88,026
	<u>356,093</u>	<u>316,994</u>

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For the year ended 31 March 2026

16. TRADE AND OTHER RECEIVABLES

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Trade receivables	3,691	6,078
Less: allowance for credit losses	<u>(183)</u>	<u>–</u>
	3,508	6,078
Other receivables, net of allowance for credit loss	6,927	4,305
Deferred lease receivables	4,057	4,897
Prepayments	521	801
Deposits	769	689
	<u>15,782</u>	<u>16,770</u>

Trade receivables included lease receivables and trade receivables from contracts with customers. As at 31 March 2026 and 2025 and 1 April 2024, trade receivables from contracts with customers amounted to HK\$1,941,000, HK\$2,194,000, HK\$2,421,000, respectively.

The following is an ageing analysis of trade receivables (net of allowance for credit losses) of the Group presented based on the billing date:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Within 60 days	3,438	4,771
61 – 90 days	22	1,239
Over 90 days	<u>48</u>	<u>68</u>
	<u>3,508</u>	<u>6,078</u>

The Group has a policy of allowing credit period of 60 days to its customers in respect of godown operations and 30 days for tenants on presentation of invoices.

As at 31 March 2026, included in the Group's trade receivables balance (net of allowance for credit losses) are debtors with an aggregate carrying amount of HK\$134,000 (2025: HK\$2,527,000) which are past due as at the reporting date but not credit-impaired because the directors of the Company considered them to be collectable based on historical experience and related repayment history. The Group does not hold any collateral from its other customers.

Trade receivables that are neither past due nor impaired have good credit quality and low default rate based on internal credit assessment performed by the Group's management.

Details of impairment assessment of trade and other receivables are set out in note 26b.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

17. BANK DEPOSITS/OTHER DEPOSITS/BANK BALANCES AND CASH

The bank deposits are designated for treasury investment purpose.

Bank deposits are carrying fixed interest rate ranging from 0.08% to 4.62% (2025: 1.00% to 5.50%) per annum.

Other deposits represent deposits with a security broker which are carrying variable interest rate from 0.001% to 0.25% (2025: from 0.25% to 0.87%) per annum.

The bank balances carry prevailing market interest rates.

As at the end of the reporting period, the Group has the following bank deposits, other deposits and bank balances and cash denominated in foreign currencies:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Bank deposits, other deposits and bank balances and cash denominated in:		
Australian Dollar ("AUD")	184,796	–
Japanese Yen ("JPY")	29	–
United States Dollar ("US\$")	428,374	668,344
Swiss Franc ("CHF")	–	2
	<u> </u>	<u> </u>

Details of impairment assessment of bank deposits, other deposits and bank balances are set out in note 26b.

18. OTHER PAYABLES

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Tenants' deposits	15,391	15,441
Receipts in advance	2,295	1,249
Dividends payable	6,163	6,079
Salaries and bonus payable	1,765	2,201
Accruals	4,448	2,845
Construction costs payable	2,275	6,055
Payable for acquisition of financial instruments	15,667	–
Others	2,281	2,176
	<u> </u>	<u> </u>
	<u>50,285</u>	<u>36,046</u>

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

19. SHARE CAPITAL

	Number of shares <i>'000</i>	Amount <i>HK\$'000</i>
Issued and fully paid:		
Ordinary shares		
At 1 April 2024, 31 March 2025 and 31 March 2026	405,000	178,216

20. DEFERRED TAXATION

The followings are the major deferred tax liabilities (assets) recognised by the Group and movements during the current and prior years:

	Accelerated tax depreciation <i>HK\$'000</i>	Tax losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2024	87,761	(94)	87,667
Charge (credit) to profit or loss	1,455	(42)	1,413
At 31 March 2025	89,216	(136)	89,080
Charge to profit or loss	1,166	74	1,240
At 31 March 2026	90,382	(62)	90,320

For the purpose of presentation in the consolidated statement of financial position, the above deferred tax assets and liabilities arising from the same taxable entity by the same taxation authority have been offset.

At 31 March 2026, the Group has estimated unused tax losses of HK\$130,798,000 (2025: HK\$142,198,000) available for offset against future profits that may be carried forward indefinitely. A deferred tax asset has been recognised in respect of HK\$376,000 (2025: HK\$824,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$130,422,000 (2025: HK\$141,374,000) due to the unpredictability of future profit streams. Tax losses may be carried forward indefinitely.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

21. PROVISION FOR LONG SERVICE PAYMENTS

The Group did not have any formal retirement scheme before participating in the Mandatory Provident Fund Scheme, but makes provision for long service payments on an annual basis. The directors are of the opinion that the provision at the end of the reporting period is sufficient to cover the Group's probable obligations. The level of such provision will be reviewed on an annual basis and adjusted as appropriate.

Movements in the provision for long service payments during the year are as follows:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Balance brought forward	1,175	1,327
Reduction	<u>(94)</u>	<u>(152)</u>
Balance carried forward	<u><u>1,081</u></u>	<u><u>1,175</u></u>

In addition to the provision for long service payments, the Group has contributed to the Mandatory Provident Fund Scheme for all employees commencing from 1 December 2000 and the amount charged for the year ended 31 March 2026 is HK\$497,000 (2025: HK\$480,000).

22. RECONCILIATION OF LIABILITIES ARISING FROM A FINANCING ACTIVITY

The table below details changes in the Group's liabilities arising from a financing activity, including both cash and non-cash changes. Liabilities arising from a financing activity are those for which cash flows were, or the future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from a financing activity.

	Dividend payable (included in other payables) <i>HK\$'000</i>
At 1 April 2024	6,331
Non-cash changes – Dividends declared (<i>note 11</i>)	30,375
Changes from financing cash flows – Dividends paid	<u>(30,627)</u>
At 31 March 2025	6,079
Non-cash changes – Dividends declared (<i>note 11</i>)	32,400
Changes from financing cash flows – Dividends paid	<u>(32,316)</u>
At 31 March 2026	<u><u>6,163</u></u>

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

23. OPERATING LEASES

The Group as lessor

Property rental income earned during the year is HK\$104,752,000 (2025: HK\$110,930,000). The properties held for rental purpose have committed leases for the next 1 month to 4 years (2025: 1 month to 5 years).

Undiscounted lease payments receivable on leases are as follows:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Within one year	73,116	88,314
In the second year	39,382	43,513
In the third year	9,575	18,873
In the fourth year	6,684	4,472
In the fifth year	–	4,647
	<u>128,757</u>	<u>159,819</u>

24. RELATED PARTY DISCLOSURES

During the year ended 31 March 2026, the Group received a reimbursement of expenses amounting to HK\$360,000 (2025: received a reimbursement of expenses amounting to HK\$288,000 and rental income amounting to HK\$18,000) from a company which is controlled by Ms. Chan Koon Fung (spouse of the late former Chairman Mr. Lu Sin), and Mr. Lu Wing Yee, Wayne and Ms. Lu Wing Man, Melissa, both of whom are executive directors of the Company. The reimbursement represents a share of the expenses incurred in respect of the occupation of office premises and general administrative services provided to the related company.

Details of the executive directors' remuneration representing key management personnel of the Group, are disclosed in note 7. The remuneration of directors is determined by the Remuneration and Nomination Committee, having regard to the performance of the individuals and market trends.

The amounts due from/to subsidiaries are disclosed in the Company's statement of financial position in note 28.

25. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of equity of the Company, comprising issued share capital, retained profits and property revaluation reserve.

The Group's management reviews the capital structure on a regular basis. As part of this review, the Group's management considers the cost of capital and the risks associated with issued share capital and will balance its overall capital structure through payment of dividends and issuing new shares.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

26. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Financial assets		
Financial assets at amortised cost	940,987	835,371
Financial assets at FVTPL	<u>356,093</u>	<u>316,994</u>
Financial liabilities		
Amortised cost	<u>59,615</u>	<u>48,745</u>

b. Financial risk management objectives and policies

The Group's major financial instruments include trade receivables and certain other receivables, bank and other deposits, bank balances and cash, financial assets at FVTPL, certain other payables and long-term tenants' deposits received. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The Group's management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Certain bank balances, bank and other deposits and financial assets at FVTPL of the Group are denominated in foreign currencies, and therefore the Group is exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the Group's management regularly monitors the Group's foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise. The carrying amounts of the Group's foreign currency denominated monetary assets at the end of the reporting period are as follows:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
AUD	195,350	–
JPY	9,255	–
US\$	626,957	895,660
CHF	<u>–</u>	<u>2</u>

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

26. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

The Group's financial instruments are mainly denominated in USD, AUD and JPY. Since the HKD is pegged to the USD, the foreign exchange risk in respect of USD-denominated instruments is considered insignificant.

For instruments denominated in AUD and JPY, the Group is exposed to exchange rate fluctuations.

The following table details the Group's sensitivity to a 5% (2025: 5%) increase and decrease in the relevant foreign currencies against HKD. 5% (2025: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2025: 5%) change in foreign currency rates. A positive number below indicates a decrease in loss for the year where the relevant currency strengthens 5% (2025: 5%) against HKD. For a 5% (2025: 5%) weakening of the relevant currency against HKD, there would be an equal and opposite impact on the loss for the year, and the balances below would be negative.

	AUD Impact		JPY Impact	
	2026	2025	2026	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the year	<u>8,156</u>	<u>N/A</u>	<u>385</u>	<u>N/A</u>

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk mainly in relation to bank deposits (see note 17 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate other deposits and bank balances (see note 17 for details). The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on other deposits and bank balances.

The Group's management monitors the cash flow interest rate risk exposures and will take appropriate action should the need arise.

Other deposits and bank balances are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate other deposits and bank balances is insignificant.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

26. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Other price risk

The Group is exposed to equity price risk through its financial assets at FVTPL. The Group's management manages this exposure by monitoring closely market fluctuations and maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on equity instruments quoted on the Stock Exchange. The Group has appointed a special team of personnel to monitor the price risk and will consider hedging the risk exposure should the need arise. In addition, the Group also invested in certain unlisted investment funds with underlying equity instruments.

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting date. 10% (2025: 10%) is the sensitivity rate used which represents management's assessment of a reasonably possible change in equity price on investments.

If the prices of the equity instruments had been 10% (2025: 10%) higher/lower, the Group's loss for the year ended 31 March 2026 would decrease/increase by HK\$24,543,000 (2025: HK\$22,049,000) as a result of the changes in fair value of financial assets at FVTPL.

Credit risk and impairment assessment

The Group is exposed to credit risk that the counterparty to a financial instrument will cause a financial loss for the Group by failing to discharge its obligations. The Group's credit risk is primarily attributable to its bank and other deposits, bank balances, trade and other receivables, deferred lease receivables and unlisted debt instruments at FVTPL.

Except for unlisted debt instruments at FVTPL, the Group performed impairment assessment for financial assets and other item under the ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised below:

Unlisted debt instruments at FVTPL

The Group invests in debt securities with credit ratings of Baa3 or above (2025: Baa3 or above). The management regularly reviews and monitors the portfolio of debt securities. Details of these investments are disclosed in note 15.

Bank deposits, other deposits and bank balances

The credit risk on the Group's bank and other deposits and bank balances is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The Group assessed 12m ECL for bank and other deposits and bank balances by reference to information relating to the probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on bank and other deposits and bank balances is considered to be insignificant and therefore no loss allowance was recognised.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

26. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables and deferred lease receivables

The Group has concentration of credit risk as 29% and 18% (2025: concentration of credit risk as 59% and 3%) of the total trade receivables and total deferred lease receivables respectively was due from the Group's largest customer.

In order to minimise the credit risk, the Group's management has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, except for debtors with significant outstanding balances or which are credit-impaired assessed individually, the Group uses a practical expedient in estimating ECL on trade receivables and deferred lease receivables applying a provision matrix taking into consideration historical credit loss experience, adjusted for forward-looking information that is available without undue cost or effort. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. During the year ended 31 March 2026, impairment loss of HK\$183,000 (2025: Nil) has been provided.

Other receivables and deposits

The credit risk on the Group's other receivables and deposits is limited as the counterparties do not have any past due amounts and are of low risk based on internal credit risk grading assessment.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables and deferred lease receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

26. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Other receivables and deposits (Continued)

The table below details the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

	Notes	External credit rating		Internal credit rating		12m or lifetime ECL		Gross carrying amount	
		2026	2025	2026	2025	2026	2025	2026	2025
								HK\$'000	HK\$'000
Financial assets at amortised cost									
Trade receivables	16	N/A	N/A	Low risk	Low risk	Lifetime ECL (not credit-impaired)	Lifetime ECL (not credit-impaired)	3,374	3,551
		N/A	N/A	Watch list	Watch list	Lifetime ECL (not credit-impaired)	Lifetime ECL (not credit-impaired)	134	2,527
		N/A	N/A	Loss	Loss	Lifetime ECL (credit-impaired)	Lifetime ECL (credit-impaired)	183	–
Other receivables and deposits	16	N/A	N/A	Low risk	Low risk	12m ECL	12m ECL	7,696	4,994
Bank deposits	17	A2 – Aa1	A2 – Aa2	N/A	N/A	12m ECL	12m ECL	867,340	771,615
Other deposits	17	A2 – Aa2	Baa3 – Aa2	N/A	N/A	12m ECL	12m ECL	28,156	33,723
Bank balances	17	A2 – Aa1	A2 – Aa1	N/A	N/A	12m ECL	12m ECL	34,276	18,943
Other item									
Deferred lease receivables	16	N/A	N/A	Low risk	Low risk	Lifetime ECL	Lifetime ECL	4,057	4,897

Notes:

- i. For trade receivables and deferred lease receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired assessed individually, the Group determines the ECL on these items by using a provision matrix, grouped by ageing analysis.

During the years ended 31 March 2026 and 2025, no impairment allowance on trade receivables is provided based on provision matrix and assessed individually for significant outstanding balance as the amount is considered insignificant. During the years ended 31 March 2026, impairment allowance of HK\$183,000 (2025: nil) was made on a credit-impaired debtor.

- ii. For the purpose of internal credit risk management, the Group uses past due information to assess whether credit risks have increased significantly since initial recognition for other receivables and deposits. During the year ended 31 March 2026 and 2025, no impairment allowance was made on other receivables and deposits. The credit risk on the remaining balances is limited having considered the credit quality of the counterparties and the probability of default is negligible. Therefore, no impairment allowances are made on these balances.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

26. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Other receivables and deposits (Continued)

The following table shows the movement in lifetime ECL (credit-impaired) that has been recognised for trade receivables under the simplified approach and other receivables.

	Trade receivables <i>HK\$'000</i>	Other receivables <i>HK\$'000</i>
At 1 April 2024	3,843	1,691
Write-off	(3,843)	(1,691)
	<hr/>	<hr/>
At 31 March 2025	–	–
New financial assets originated	183	–
	<hr/>	<hr/>
At 31 March 2026	<u>183</u>	<u>–</u>

Liquidity risk

The ultimate responsibility for liquidity risk management rests with the directors of the Company, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity requirements. The Group manages liquidity risk by maintaining adequate working capital, available banking facilities by continuously monitoring forecast and actual cash flows and matching profiles of financial assets and liabilities.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Non-interest-bearing	
	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
0 – 1 year	41,778	29,751
1 – 2 years	11,522	9,426
2 – 5 years	5,961	9,568
More than 5 years	354	–
	<hr/>	<hr/>
Total undiscounted cash flows	<u>59,615</u>	<u>48,745</u>
	<hr/>	<hr/>
Carrying amounts	<u>59,615</u>	<u>48,745</u>

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26. FINANCIAL INSTRUMENTS (Continued)

c. Fair value measurements of financial instruments

In estimating the fair value, the Group uses market-observable data to the extent they are available. Where Level 1 inputs are not available, the Group engages qualified external valuers to perform the valuation or obtains the quoted prices from brokers/financial institutions. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs.

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

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).

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
	31 March 2026	2025			
	HK\$'000	HK\$'000			
Financial assets at FVTPL					
Listed equity investments	148,941	89,677	Level 1	Quoted bid prices in an active market.	N/A
Listed investment funds	78,109	113,426	Level 1	Quoted bid prices in an active market.	N/A
Unlisted investment funds	18,379	17,383	Level 2	Redemption values quoted by the relevant investment funds with reference to the underlying assets of funds.	N/A
	6,861	8,482	Level 3	Net assets value with reference to the net assets value of the underlying fund.	The increase in the net assets value would result in an increase in fair value.
Unlisted debt instruments	103,803	88,026	Level 2	Quoted prices in market that are not active.	The increase in quoted prices would result in an increase in fair value.

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.

Notes to the Consolidated Financial Statements

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26. FINANCIAL INSTRUMENTS (Continued)

c. Fair value measurements of financial instruments (Continued)

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Reconciliation of Level 3 fair value measurements of financial assets:

	2026 HK\$'000	2025 HK\$'000
At the beginning of the year	8,482	8,351
Additions	78	–
Net (loss) gain in profit or loss (note)	<u>(1,699)</u>	<u>131</u>
At the end of the year	<u><u>6,861</u></u>	<u><u>8,482</u></u>

Note: The net (loss) gain included in profit or loss above for both years ended 31 March 2026 and 2025 relate to the fair value gains on unlisted investments and are included in other gains and losses in profit or loss.

There were no transfers between Level 1 and 2 from/to 3 during both years.

(ii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the 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.

27. COMMITMENTS

	2026 HK\$'000	2025 HK\$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– acquisition of property, plant and equipment	42	595
Commitment to contribute funds for an unlisted investment fund	<u>1,333</u>	<u>1,411</u>
	<u><u>1,375</u></u>	<u><u>2,006</u></u>

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

28. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Non-current assets		
Property, plant and equipment	90	169
Investments in subsidiaries	51,852	51,852
Amounts due from subsidiaries	762,828	828,937
	<u>814,770</u>	<u>880,958</u>
Current assets		
Other receivables	1,276	1,241
Amounts due from subsidiaries	5,807	1,457
Bank deposits	346,223	287,629
Bank balances and cash	6,998	10,546
	<u>360,304</u>	<u>300,873</u>
Current liabilities		
Other payables	8,614	8,814
Amounts due to subsidiaries	123,716	102,391
Tax payable	16,387	16,387
	<u>148,717</u>	<u>127,592</u>
Net current assets	<u>211,587</u>	<u>173,281</u>
	<u>1,026,357</u>	<u>1,054,239</u>
Capital and reserve		
Share capital	178,216	178,216
Retained profits (<i>note</i>)	847,683	875,611
	<u>1,025,899</u>	<u>1,053,827</u>
Non-current liability		
Provision for long service payments	458	412
	<u>1,026,357</u>	<u>1,054,239</u>

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 23 June 2026 and is signed on its behalf by:

Lu Wing Yee, Wayne
Director

Lu Wing Man, Melissa
Director

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

28. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note: Movement of retained profits

	Retained profits HK\$'000
At 1 April 2024	894,030
Profit and total comprehensive income for the year	11,956
Dividends appropriation (note 11)	(30,375)
	<hr/>
At 31 March 2025	875,611
Profit and total comprehensive income for the year	4,472
Dividends appropriation (note 11)	(32,400)
	<hr/>
At 31 March 2026	<u>847,683</u>

29. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of principal subsidiaries at 31 March 2026 and 2025 are as follows:

Name of companies	Place of incorporation/ registration/ operations	Paid-up capital	Attributable equity interest held		Principal activities
			by the Company 2026	2025	
Cafe de Lu Plaza Limited	Hong Kong	HK\$100,000 Ordinary shares	100%	100%	Operation of business centre
Chi Kee Investment Company Limited	Hong Kong	HK\$500,000 Ordinary shares	100%	100%	Property investment
Chivas Godown Company Limited	Hong Kong	HK\$10,000,000 Ordinary shares	100%	100%	Securities trading
Cofine Investment Limited	British Virgin Islands/ Hong Kong	US\$1 Ordinary share	100%	100%	Securities trading
Gaylake Limited	Hong Kong	HK\$1,000 Ordinary shares	100%	100%	Property investment and holding godown
Genlink Development Limited	Hong Kong	HK\$2 Ordinary shares	100%	100%	Property investment
Good Ready Investment Limited	Hong Kong	HK\$2 Ordinary shares	100%	100%	Property investment
Luck Rise Development Limited	Hong Kong	HK\$1 Ordinary share	100%	100%	Operation of mini-godown
Rich China Development Limited	Hong Kong	HK\$2 Ordinary shares	100%	100%	Securities trading
Safety Logistics Services Limited	Hong Kong	HK\$10,000,000 Ordinary shares	100%	100%	Operating of public godown

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

29. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

The above table lists the major subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year or at any time during the year.

Particulars of Major Properties

Particulars of major properties which were held by the Group at 31 March 2026 are as follows:

(a) Industrial/godown premises in Hong Kong:

Location	Lease term	Effective interest held	Approximate floor area attributable to the Group <i>sq. ft.</i>	Type
The whole of Safety Godown (except G/F, M/F, 1/F, 4/F, 5/F and Portion A on 6/F) 132-140 Kwok Shui Road, Kwai Chung, New Territories, Hong Kong	Medium-term lease	100%	231,000	Industrial/godown premises

(b) Investment properties in Hong Kong:

Location	Lease term	Effective interest held	Approximate floor area attributable to the Group <i>sq. ft.</i>	Type
2 Wing Yip Street, Kwun Tong, Kowloon Hong Kong	Medium-term lease	100%	430,000 and 191 car-parking spaces	Office
G/F, M/F, 1/F, 4/F, 5/F and Portion A on 6/F of Safety Godown 132-140 Kwok Shui Road, Kwai Chung, New Territories, Hong Kong	Medium-term lease	100%	190,000	Industrial/godown premises



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安存迷你倉



安全貨倉、振萬廣場、THE LU+ 商務中心支持社會公益事務不遺餘力 Unwavering commitment and dedication of Safety Godown, Lu Plaza and THE LU+ Business Centre in supporting charitable events



2024/25 「商界展關懷」計劃嘉許禮
The Caring Company Scheme Recognition Ceremony



安全貨倉集團振萬廣場
全力支持香港中樂團逾二十載
以鼓樂比賽推廣中華文化 凝聚社會各階層



為大埔宏福苑火災事件中受影響學校 - 「大埔浸信會公立學校」同學送上毛毯及咭咭。
Bringing warmth to "Tai Po Baptist Public School" students affected by the Wang Fuk Court fire.



到訪浸信會愛羣社會服務處「友膳飯堂」
參與新春派飯暨寫揮春活動。
A visit to BOKSS "Bless Canteen" for a CNY meal and couplet writing with members.



安全貨倉集團振萬廣場全力支持香港中樂團主辦「2025 香港活力鼓令 24 式擂台賽」。
Supporting the HKCO "2025 Hong Kong Synergy 24 Drum Competition"



安全貨倉集團振萬廣場冠名贊助「秋季全港個人全能跳繩錦標賽」。
Safety Godown Group Lu Plaza title sponsor of "Autumn Hong Kong Rope Skipping Championship 2025".



安全貨倉贊助支持「FIVB 世界女排聯賽香港 2026」賽事。
Safety Godown jointly sponsored the "FIVB Volleyball Nations League Hong Kong 2026" event.



安全貨倉積極參與香港公益金之「公益慈善馬拉松 2026」慈善活動，並獲感謝狀予以表揚。
Safety Godown being awarded a Certificate of Appreciation for our active participation in The Community Chest Corporate Challenge 2026.

振萬廣場 2025-2026 年度活動 The activities organized by Lu Plaza in 2025-2026



《振萬廣場》積極支持舉辦各類活動。
Lu Plaza actively supports organizing various types of activities.



《振萬廣場》借出場地予 VTC 社區參與辦事處，讓設計學院學員展出作品。
Lu Plaza provides venue to "VTC Community Engagement Unit" for design students' work exhibition.



《振萬廣場》租戶一同參與消防安全講座。
Lu Plaza tenants participate in Fire Safety Seminar together.