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**安全貨倉有限公司**

**SAFETY GODOWN COMPANY, LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 237)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022**

**FINANCIAL HIGHLIGHTS**

- Total revenue: HK\$68,243,000, an increase of approximately 13.6% (2021: HK\$60,053,000)
- Loss attributable to owners of the Company: HK\$134,744,000, an increase of approximately 78.5% (2021: loss of HK\$75,483,000)
- Bank balances and cash, bank deposits and other deposits: HK\$754,542,000 (31.3.2022: HK\$614,774,000)
- Loss per share: HK\$0.33 (2021: loss of HK\$0.19)
- Interim dividend: HK2 cents per share (2021: HK4 cents per share)

The Board of Directors of Safety Godown Company, Limited (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2022. These results have been reviewed by the Company’s auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and by the Audit Committee of the Company.

For the six months ended 30 September 2022, the Group recorded loss attributable to owners of the Company approximately HK\$134,744,000 (six months ended 30 September 2021: loss of HK\$75,483,000), representing an increase of approximately 78.5% as compared with the corresponding period in 2021. Total revenue increased by approximately 13.6% from HK\$60,053,000 to HK\$68,243,000. The Group’s underlying profit excluding fair value loss on investment properties turned from profit of HK\$23,957,000 for the corresponding period in 2021 to a loss of HK\$15,604,000.

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

For the six months ended 30 September 2022

|   | Notes | Six months ended                     |                                      |
|---|-------|--------------------------------------|--------------------------------------|
|   |       | 30.9.2022<br>(unaudited)<br>HK\$'000 | 30.9.2021<br>(unaudited)<br>HK\$'000 |
| Revenue   | 3     | <u>68,243</u>                        | <u>60,053</u>                        |
| Income from godown operations   |       | 10,293                               | 8,653                                |
| Income from property investment   |       | 49,012                               | 46,863                               |
| Interest income   |       | 5,512                                | 922                                  |
| Dividend income   |       | 3,426                                | 3,615                                |
| Other gains and losses  |       | (43,997)                             | 3,653                                |
| Other income  |       | 665                                  | –                                    |
| Exchange gain, net  |       | 169                                  | 752                                  |
| Decrease in fair value of investment properties   |       | (119,140)                            | (99,440)                             |
| Staff costs   |       | (8,950)                              | (8,173)                              |
| Depreciation of property, plant and equipment   |       | (12,858)                             | (12,116)                             |
| Impairment loss on trade receivable under expected credit loss (“ECL”) model              |       | (936)                                | (621)                                |
| Other expenses  |       | <u>(11,536)</u>                      | <u>(13,260)</u>                      |
| Loss before taxation  |       | (128,340)                            | (69,152)                             |
| Taxation  | 5     | <u>(6,404)</u>                       | <u>(6,331)</u>                       |
| Loss and total comprehensive expense for the period attributable to owners of the Company |       | <u>(134,744)</u>                     | <u>(75,483)</u>                      |
| Loss per share – Basic  | 7     | <u>(HK\$0.33)</u>                    | <u>(HK\$0.19)</u>                    |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2022

|   | <i>Note</i> | <b>30.9.2022</b><br><b>(unaudited)</b><br><b>HK\$'000</b> | 31.3.2022<br>(audited)<br>HK\$'000 |
|---|-------------|---|------------------------------------|
| <b>Non-current assets</b>                                       |             |   |                                    |
| Investment properties   |             | 2,847,200   | 2,966,340                          |
| Property, plant and equipment                                   |             | <u>233,367</u>  | <u>242,744</u>                     |
|   |             | <u><b>3,080,567</b></u>                                   | <u>3,209,084</u>                   |
| <b>Current assets</b>   |             |   |                                    |
| Financial assets at fair value through profit or loss (“FVTPL”) |             | 170,533   | 332,538                            |
| Trade and other receivables                                     | 8           | 17,979  | 19,449                             |
| Tax recoverable   |             | –   | 115                                |
| Bank deposits   |             | 727,537   | 414,538                            |
| Other deposits  |             | 10,681  | 61,069                             |
| Bank balances and cash  |             | <u>16,324</u>   | <u>139,167</u>                     |
|   |             | <u><b>943,054</b></u>                                     | <u>966,876</u>                     |
| <b>Current liabilities</b>                                      |             |   |                                    |
| Other payables  |             | 31,658  | 35,674                             |
| Tax payable   |             | <u>20,583</u>   | <u>16,447</u>                      |
|   |             | <u><b>52,241</b></u>                                      | <u>52,121</u>                      |
| <b>Net current assets</b>                                       |             | <u><b>890,813</b></u>                                     | <u>914,755</u>                     |
|   |             | <u><b>3,971,380</b></u>                                   | <u><b>4,123,839</b></u>            |

|   | <i>Note</i> | <b>30.9.2022</b><br><b>(unaudited)</b><br><b>HK\$'000</b> | 31.3.2022<br>(audited)<br>HK\$'000 |
|---|-------------|---|------------------------------------|
| <b>Capital and reserves</b>                         |             |   |                                    |
| Share capital                                       | 9           | 178,216   | 178,216                            |
| Reserves  |             | <u>3,690,876</u>  | <u>3,849,920</u>                   |
| <b>Equity attributable to owners of the Company</b> |             | <u><b>3,869,092</b></u>                                   | <u>4,028,136</u>                   |
| <b>Non-current liabilities</b>                      |             |   |                                    |
| Long-term tenants' deposits received                |             | 19,355  | 15,350                             |
| Deferred tax liabilities                            |             | 81,738  | 79,662                             |
| Provision for long service payments                 |             | <u>1,195</u>  | <u>691</u>                         |
|   |             | <u><b>102,288</b></u>                                     | <u>95,703</u>                      |
|   |             | <u><b>3,971,380</b></u>                                   | <u><b>4,123,839</b></u>            |

*NOTES:*

**1. BASIS OF PREPARATION**

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the year ended 31 March 2022 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the financial statements for the year ended 31 March 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

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

**2. PRINCIPAL ACCOUNTING POLICIES**

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

Other than the change in accounting policy resulting from agenda decision of the International Financial Reporting Standards Interpretations Committee (the “Committee”) of the International Accounting Standards Board, the accounting policies applied and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2022 are the same as those presented in the Group's annual financial statements for the year ended 31 March 2022.

**Application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)**

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2022 for the preparation of the Group's condensed consolidated financial statements:

|                       |  |
|-----------------------|--|
| Amendments to HKFRS 3 | Reference to the Conceptual Framework                        |
| Amendments to HKAS 16 | Property, Plant and Equipment – Proceeds before Intended Use |
| Amendments to HKAS 37 | Onerous Contracts – Cost of Fulfilling a Contract            |
| Amendments to HKFRSs  | Annual Improvements to HKFRSs 2018-2020                      |

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

### 3. REVENUE

|  | Six months ended |                 |
|--|------------------|-----------------|
|  | 30.9.2022        | 30.9.2021       |
|  | <i>HK\$'000</i>  | <i>HK\$'000</i> |
| Income from godown operations                        | 10,293           | 8,653           |
| Income from property investment                      | 49,012           | 46,863          |
| Dividend income from listed and unlisted investments | 3,426            | 3,615           |
| Bank interest income                                 | 4,809            | 284             |
| Other interest income                                | 703              | 638             |
|  | <u>68,243</u>    | <u>60,053</u>   |

### 4. SEGMENT INFORMATION

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

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

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

*For the six months ended 30 September 2022*

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

*As at 30 September 2022*

|                               | <b>Godown<br/>operations<br/><i>HK\$'000</i></b> | <b>Property<br/>investment<br/><i>HK\$'000</i></b> | <b>Treasury<br/>investment<br/><i>HK\$'000</i></b> | <b>Consolidated<br/><i>HK\$'000</i></b> |
|-------------------------------|--|--|--|---|
| <b>Assets</b>                 |  |  |  |   |
| Segment assets                | 210,023  | 2,885,691  | 911,152  | 4,006,866                               |
| Bank balances and cash        |  |  |  | 16,324                                  |
| Unallocated other assets      |  |  |  | 431                                     |
|                               |  |  |  | <u>4,023,621</u>                        |
| <b>Liabilities</b>            |  |  |  |   |
| Segment liabilities           | 2,514  | 40,149   | 151  | 42,814                                  |
| Tax payable                   |  |  |  | 20,583                                  |
| Deferred tax liabilities      |  |  |  | 81,738                                  |
| Unallocated other liabilities |  |  |  | 9,394                                   |
|                               |  |  |  | <u>154,529</u>                          |

*For the six months ended 30 September 2021*

|                              | <b>Godown<br/>operations<br/><i>HK\$'000</i></b> | <b>Property<br/>investment<br/><i>HK\$'000</i></b> | <b>Treasury<br/>investment<br/><i>HK\$'000</i></b> | <b>Consolidated<br/><i>HK\$'000</i></b> |
|------------------------------|--|--|--|---|
| <b>Revenue</b>               |  |  |  |   |
| Segment revenue              | <u>8,653</u>                                     | <u>46,863</u>                                      | <u>4,537</u>                                       | <u>60,053</u>                           |
| Segment profit (loss)        | <u>1,057</u>                                     | <u>(73,245)</u>                                    | <u>7,186</u>                                       | (65,002)                                |
| Central administrative costs |  |  |  | (4,150)                                 |
| Loss before taxation         |  |  |  | <u>(69,152)</u>                         |

As at 31 March 2022

|                                | Godown<br>operations<br><i>HK\$'000</i> | Property<br>investment<br><i>HK\$'000</i> | Treasury<br>investment<br><i>HK\$'000</i> | Consolidated<br><i>HK\$'000</i> |
|--------------------------------|---|---|---|---------------------------------|
| <b>Assets</b>                  |   |   |   |                                 |
| Segment assets                 | 215,590                                 | 3,012,292                                 | 808,324                                   | 4,036,206                       |
| Bank balances and cash         |   |   |   | 139,167                         |
| Unallocated other assets       |   |   |   | 587                             |
|                                |   |   |   | 4,175,960                       |
| Consolidated total assets      |   |   |   | 4,175,960                       |
| <b>Liabilities</b>             |   |   |   |                                 |
| Segment liabilities            | 2,324                                   | 40,421                                    | 295                                       | 43,040                          |
| Tax payable                    |   |   |   | 16,447                          |
| Deferred tax liabilities       |   |   |   | 79,662                          |
| Unallocated other liabilities  |   |   |   | 8,675                           |
|                                |   |   |   | 147,824                         |
| Consolidated total liabilities |   |   |   | 147,824                         |

Segment profit/loss represents the profit earned/loss incurred by each segment without allocation of central administrative costs, which include directors' emoluments, other expenses that are not directly related to the core business and income tax expenses. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment.

## 5. TAXATION

|                       | <b>Six months ended</b> |                 |
|-----------------------|-------------------------|-----------------|
|                       | <b>30.9.2022</b>        | 30.9.2021       |
|                       | <b><i>HK\$'000</i></b>  | <i>HK\$'000</i> |
| The charge comprises: |                         |                 |
| Hong Kong Profits Tax | <b>4,328</b>            | 3,959           |
| Deferred taxation     | <b>2,076</b>            | 2,372           |
|                       | <b>6,404</b>            | 6,331           |
|                       | <b>6,404</b>            | 6,331           |

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



## 6. DIVIDENDS

|  | <b>Six months ended</b> |                       |
|--|-------------------------|-----------------------|
|  | <b>30.9.2022</b>        | 30.9.2021             |
|  | <b>HK\$'000</b>         | HK\$'000              |
| Dividends appropriation:   |                         |                       |
| Final dividend appropriation in respect of the year ended 31 March 2022<br>of HK6 cents (2021: HK5 cents) per ordinary share | <b>24,300</b>           | 20,250                |
| Special dividend appropriation in respect of the year ended 31 March 2022<br>of nil (2021: HK43 cents) per ordinary share    | <u>–</u>                | <u>174,150</u>        |
|  | <b><u>24,300</u></b>    | <b><u>194,400</u></b> |

Subsequent to the end of the current interim period, the directors of the Company have determined that an interim dividend of HK2 cents (six months ended 30.9.2021: HK4 cents) per share, amounting to HK\$8,100,000 (six months ended 30.9.2021: HK\$16,200,000) will be paid to the shareholders of the Company, whose names appear in the register of members on 21 December 2022.

## 7. LOSS PER SHARE – BASIC

The calculation of basic loss per share is based on the loss for the period attributable to owners of the Company of HK\$134,744,000 (six months ended 30.9.2021: loss of HK\$75,483,000) and on 405,000,000 (six months ended 30.9.2021: 405,000,000) shares in issue throughout the period.

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

## 8. TRADE AND OTHER RECEIVABLES

The Group has a policy of allowing a credit period of 60 days to its customers in respect of godown operations and 30 days for tenants on presentation of invoices. Before accepting any new customer, the Group will assess the potential customer's credit quality. Credit limits allowed to customers are reviewed once a year.

An analysis of trade receivables (net of allowance for credit losses) by age, presented based on the billing date are as follows:

|                | <b>30.9.2022</b>    | 31.3.2022           |
|----------------|---------------------|---------------------|
|                | <b>HK\$'000</b>     | HK\$'000            |
| Within 60 days | <b>3,963</b>        | 5,249               |
| 61-90 days     | <b>418</b>          | 851                 |
| Over 90 days   | <u><b>8</b></u>     | <u>76</u>           |
|                | <b><u>4,389</u></b> | <b><u>6,176</u></b> |

## 9. SHARE CAPITAL

|   | <b>Number<br/>of shares<br/>'000</b> | <b>Amount<br/>HK\$'000</b> |
|---|--------------------------------------|----------------------------|
| Issued and fully paid:                                    |                                      |                            |
| Ordinary shares with no par value                         |                                      |                            |
| At 30 September 2021, 31 March 2022 and 30 September 2022 | <u>405,000</u>                       | <u>178,216</u>             |

## 10. RELATED PARTY DISCLOSURES

The remuneration of directors and other members of key management during the period was HK\$778,000 (six months ended 30.9.2021: HK\$712,000).

## **BUSINESS REVIEW**

During the six months ended 30 September 2022 (the “Period”) under review, COVID-19 and the global geopolitical landscape continued to impose uncertainties on the economy of Hong Kong and the financial market saw rare and significant volatility in particular.

### **Godown Operations Segment**

The segment generated a revenue of HK\$10,293,000 during the Period under review. The overall increase was mainly due to an improvement in the economy of Hong Kong when compared with that during the severe COVID-19 outbreak at the beginning of the year. Although Hong Kong was hard hit by the pandemic in the first half of the year, the situation gradually eased in May and June, and the impact on our business was considered as insignificant fortunately.

### **Property Investment Segment**

Since the opening of “The LU+”, Lu Plaza’s multi-function business centre, last year, the building’s image and brand awareness were boosted; and the occupancy rate of Lu Plaza remained at over 90%, a notable achievement. The high average occupancy rate more than offset the impact of the slight decrease in rental per square foot resulting from the increased supply in the East Kowloon market.

### **Treasury Investment Segment**

The performance of the treasury investment segment was disappointing due to the falling stock and bond markets during the Period, and the segment recorded a loss of approximately HK\$36,084,000, with approximately HK\$26,730,000 from stocks, HK\$2,529,000 from bonds, HK\$6,543,000 from funds and HK\$8,226,000 from non-physical gold.

Due to the upward trend in interest rate during the Period, interest income increased to HK\$5,512,000, while dividend income was HK\$3,426,000.

## **OUTLOOK**

The Group expects that barring any material adverse development in the COVID-19 pandemic, the revenue of godown business will be able to remain on par with that of the first half of the year. When the further improvement works of the Safety Godown warehouse building are completed in 2024, the godown operation can boost its capacity for processing physical goods and attract more high valued added customers with high turnover.

For the rental market, Lu Plaza has achieved an occupancy rate of about 90%, a better performance compared with that of commercial properties in the district. Under the circumstances, there will be limited room for further rental increase. The Group aims at enhancing the building’s quality and ancillary services continuously, with a view to maintaining a relatively stable rental income amid the slowdown of the economy and the commercial building market in the future.

In term of treasury investment, the Group has already switched most of its securities and relevant investment to time deposits during the Period under review and October 2022. Up to November 2022, the Federal Reserve of the United States has hiked interest rate to nearly 4%, and it is expected that the central banks of developed economies including European countries and the United States will raise interest rates at least twice in the months ahead. Against such a backdrop of rising interest rates, the interest income from the deposits of the Group will likely increase as a result.

An increase in interest income will help boost earnings amid a volatile economic landscape. We hope that the Company will have ample resources for business development in the next booming economic cycle.

The Group proactively conducted research on and explored enhancements and improvements for various facilities and operation systems during the Period under review, and the relevant projects have been or will be approved in October and November 2022 for implementation in the second half of the year. When the above enhancement projects are completed, the Group can further improve its performance in information collection, invoice processing and clerical work, as well as addressing emergencies such as the need to work from home due to the pandemic.

## **FINANCIAL REVIEW**

### **Condensed consolidated statement of profit or loss and other comprehensive income**

During the Period, the Company's total revenue reached HK\$68,243,000, including income from godown operations segment of HK\$10,293,000, property investment segment of HK\$49,012,000 and treasury investment segment of HK\$8,938,000 (interest income of HK\$5,512,000 and dividend income of HK\$3,426,000). The revenue of each of the three segments increased approximately 19.0%, 4.6% and 97.0%, respectively comparing to the last corresponding period.

During the Period, the Group recorded a fair value loss on investment properties of HK\$119,140,000 (six months ended 30 September 2021: loss of HK\$99,440,000) which had been included in the condensed consolidated statement of profit or loss and other comprehensive income.

Staff costs increased by approximately 9.5% to HK\$8,950,000 (six months ended 30 September 2021: HK\$8,173,000), which was mainly attributable to the increase in headcount.

Depreciation of property, plant and equipment increased by approximately 6.1% to HK\$12,858,000 (six months ended 30 September 2021: HK\$12,116,000).

Other expenses decreased by approximately 13.0% to HK\$11,536,000 (six months ended 30 September 2021: HK\$13,260,000), which was mainly due to the decrease in the subsidy of air-conditioning and management fee for the investment properties.

## **Condensed consolidated statement of financial position**

The Company's net asset value recorded at HK\$3,869,092,000, mainly comprising HK\$2,847,200,000 of investment properties, HK\$233,367,000 of property, plant and equipment (mainly the Group's self-occupied godown building situated at Kwai Chung), HK\$170,533,000 of financial assets at fair value through profit or loss ("FVTPL") and other current assets, including bank balances and cash together with bank and other deposits.

The carrying amount of the investment properties decreased as a result of a downward adjustment in their fair values with reference to valuations carried out by an independent professional valuer on an open market basis as at 30 September 2022.

Financial assets at FVTPL decreased by approximately 48.7% to HK\$170,533,000 mainly due to the disposals of certain investment funds and all non-physical gold. Cash and deposits (including deposits in the investment accounts) increased by approximately 22.7% to HK\$754,542,000 (31 March 2022: HK\$614,774,000) mainly due to the net proceeds from the aforementioned disposals of financial assets at FVTPL.

### **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 September 2022, the Group had bank balances and cash of HK\$16,324,000 (31 March 2022: HK\$139,167,000) and the total current liabilities amounted to HK\$52,241,000 (31 March 2022: HK\$52,121,000). Current ratio stood at approximately 18.05 times (31 March 2022: 18.55 times) and the Group had no bank borrowings.

The net assets of the Group decreased by approximately 3.9% to HK\$3,869,092,000 (31 March 2022: HK\$4,028,136,000) and the net asset value per share decreased by approximately 4.0% to HK\$9.55 (31 March 2022: HK\$9.95).

### **EMPLOYEES**

As at 30 September 2022, the Group had a total of 39 (31 March 2022: 36) employees. Remuneration is determined on the basis of qualifications, experience, responsibilities and performance. During the Period, staff costs (including Directors' emoluments) increased by approximately 9.5% to HK\$8,950,000 (six months ended 30 September 2021: HK\$8,173,000).

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

## **EXPOSURE TO FOREIGN EXCHANGE**

The Group's foreign currency exposure principally related to its investment securities and deposits in US dollar. Since Hong Kong dollar is pegged to US dollar, the management is of the opinion that the foreign exchange risk of financial instruments denominated in US dollar is insignificant. During the Period, the Group recorded an exchange gain of HK\$169,000 (six months ended 30 September 2021: HK\$752,000).

## **CONTINGENT LIABILITIES**

As at 30 September 2022, the Group did not have any significant contingent liabilities (31 March 2022: nil).

## **PLEDGE OF ASSETS**

As at 30 September 2022, the Group did not have any pledge of assets (31 March 2022: nil).

## **INTERIM DIVIDEND**

The board of directors of the Company (the "Board") declared an interim dividend of HK2 cents per share for the Period (six months ended 30 September 2021: HK4 cents per share), payable to the shareholders of the Company, whose names appear on the register of members on 21 December 2022. The interim dividend will be paid on 10 January 2023.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Friday, 16 December 2022 to Wednesday, 21 December 2022, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the interim dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrars, Tricor Standard Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 15 December 2022.

## **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 during the Period under review.

## **CORPORATE GOVERNANCE PRACTICES**

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

The Company has complied with all the code provisions set out in the Corporate Governance Code (“CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) throughout the Period except for the following deviations from code provisions C.2.1 to C.2.9, C.3.3, C.6.3 and F.2.2.

CG Code Provisions C.2.1 to C.2.9 stipulate that (i) the roles of Chairman of the Board and Chief Executive Officer should be separate and should not be performed by the same individual and (ii) the division of responsibilities between the Chairman of the Board and the Chief Executive Officer should be clearly established.

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

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

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

CG Code Provision F.2.2 stipulates that the Chairman of the Board should attend the annual general meeting. Since 5 April 2015, the position of the Chairman of the Board has been vacant, Mr. Lu Wing Yee, Wayne, the Executive Director, was elected and acted as the chairman of the annual general meeting of the Company held on 19 August 2022 in accordance with the Articles.

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

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as the Company’s code of conduct governing dealings by all Directors in the securities of the Company. All the Directors have confirmed in writing that they had complied with the required standard as set out in the Model Code throughout the Period.

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

This announcement is published on the respective websites of Hong Kong Exchanges and Clearing Limited [www.hkex.com.hk](http://www.hkex.com.hk) and of the Company [www.safetygodown.com](http://www.safetygodown.com) on 24 November 2022. The interim report for the Period containing all the information required by the Listing Rules will be published on the above websites and despatched to shareholders in due course.

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

Hong Kong, 24 November 2022

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

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