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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountants or other professional adviser.

If you have sold or transferred all your shares in **Safety Godown Company, Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

NOTICE OF ANNUAL GENERAL MEETING AND PROPOSALS FOR RE-ELECTION OF RETIRING DIRECTORS AND GENERAL MANDATES TO ISSUE AND BUY-BACK SHARES

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 2 to 5 of this circular.

A notice convening the AGM to be held at The LU+, Business Centre, 3/F., Lu Plaza, 2 Wing Yip Street, Kwun Tong, Kowloon, Hong Kong on Friday, 13 August 2021 at 1:00 p.m. is set out in **Appendix I** to this circular. A form of proxy for use at the AGM is also enclosed. Whether or not you are able to attend the AGM or any adjourned meeting in person, you are requested to complete and return the accompanying proxy form in accordance with the instructions printed thereon and return it to the registered office of the Company at Unit 1801, 18/F., Lu Plaza, 2 Wing Yip Street, Kwun Tong, Kowloon, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or any adjournment thereof if you so wish.

PRECAUTIONARY MEASURES FOR THE AGM

The health of the Shareholders, staff and stakeholders of the Company is of paramount importance to us. In view of the ongoing Novel Coronavirus (COVID-19) pandemic, the Company will implement the following precautionary measures to reduce the risk of contracting and spreading of COVID-19 at the AGM:

- (a) Compulsory body temperature checks will be conducted for every attendee at the entrance of the AGM venue. Any person with a body temperature of over 37.4 degree Celsius or is subject to mandatory quarantine order imposed by the Hong Kong government will be denied entry into or be required to leave the AGM venue.
- (b) Every attendee must wear a surgical face mask throughout the AGM and inside the AGM venue. Please note that no masks will be provided at the AGM venue and attendees should bring and wear their own masks.
- (c) The Company will maintain safe distance between seats.
- (d) No refreshments or beverages will be served before or after the AGM.
- (e) No distribution of coupons for subsequent consumption.

In addition, the Company would like to remind all attending Shareholders that physical attendance in person at the AGM is not necessary for the purpose of exercising voting rights. The Company encourages the Shareholders to exercise their right to vote at the AGM by appointing the chairman of the AGM as their proxy to vote on the relevant resolutions at the AGM instead of attending the meeting in person, by completing and returning the enclosed form of proxy in accordance with the instructions printed thereon.

15 July 2021

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“AGM”	the annual general meeting of the Company to be held at The LU+, Business Centre, 3/F., Lu Plaza, 2 Wing Yip Street, Kwun Tong, Kowloon, Hong Kong on Friday, 13 August 2021 at 1:00 p.m. (or any adjournment thereof);
“AGM Notice”	the notice dated 15 July 2021 convening the AGM as set out in Appendix I to this circular;
“Articles of Association”	Articles of Association of the Company;
“Board”	the board of Directors;
“Company”	Safety Guidon Company, Limited 安全貨倉有限公司, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00237);
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	7 July 2021, being the latest practicable date prior to the printing of this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	share(s) of the Company;
“Shareholders”	holder(s) of the Shares; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

LETTER FROM THE BOARD

安全貨倉有限公司

SAFETY GODOWN COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 237)

Executive Director:

Lu Wing Yee, Wayne

Non-executive Director:

Lee Ka Sze, Carmelo

Independent Non-executive Directors:

Lam Ming Leung

Leung Man Chiu, Lawrence

Oen Li Lin

Registered office:

Unit 1801, 18/F., Lu Plaza

2 Wing Yip Street

Kwun Tong, Kowloon

Hong Kong

15 July 2021

To the Shareholders

Dear Sir or Madam,

**NOTICE OF ANNUAL GENERAL MEETING
AND
PROPOSALS FOR RE-ELECTION OF RETIRING DIRECTORS
AND
GENERAL MANDATES TO ISSUE AND BUY-BACK SHARES**

INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the AGM relating to, among other things, (i) the re-election of retiring Directors and (ii) the renewal of general mandates to issue Shares and buy back Shares.

RE-ELECTION OF RETIRING DIRECTORS

As at the Latest Practicable Date, the executive Director is Mr. Lu Wing Yee, Wayne; the non-executive Director is Mr. Lee Ka Sze, Carmelo and the independent non-executive Directors are Mr. Lam Ming Leung, Mr. Leung Man Chiu, Lawrence and Ms. Oen Li Lin.

In accordance with Articles 78 and 79 of the Articles of Association, Mr. Lee Ka Sze, Carmelo and Mr. Leung Man Chin, Lawrence shall retire by rotation at the AGM and, being eligible, have offered themselves for re-election.

In accordance with Article 83 of the Articles of Association, Ms. Oen Li Lin shall retire at the AGM and being eligible, has offered herself for re-election.

LETTER FROM THE BOARD

The Remuneration and Nomination Committee of the Company had assessed and reviewed the annual confirmation of independence of each of the independent non-executive Directors for the year ended 31 March 2021 based on the independence criteria as set out in Rule 3.13 of the Listing Rules and confirmed that all of them, including Mr. Leung Man Chiu, Lawrence and Ms. Oen Li Lin, remain independent. The Remuneration and Nomination Committee had considered and nominated the above retiring Directors to the Board for it to propose to the Shareholders for re-election at the AGM.

Accordingly, with the recommendation of the Remuneration and Nomination Committee, the Board has proposed that all the above retiring Directors, namely Mr. Lee Ka Sze, Carmelo, Mr. Leung Man Chiu, Lawrence and Ms. Oen Li Lin stand for re-election as Directors at the AGM. As a good corporate governance practice, each of the above retiring Directors shall be abstained from voting at the relevant Board meeting on the respective propositions of their recommendations for re-election by the Shareholders at the AGM.

Mr. Leung Man Chiu, Lawrence, who was appointed as independent non-executive Director in 2006, had served as an independent non-executive Director for more than 9 years. During his tenure of office, Mr. Leung had been able to fulfill all the requirements regarding independence of independent non-executive Director and provide annual confirmation of independence to the Company under Rule 3.13 of the Listing Rules. The Board is not aware of any foreseeable events that may occur and affect the independence of Mr. Leung and believes that he is and shall continue to be independent of the Company. The Board will continue to review the independence of Mr. Leung annually.

Besides, during his tenure of office, Mr. Leung had discharged his duties as independent non-executive Director to the satisfaction of the Board. Through exercising the scrutinizing and monitoring function of independent non-executive director, he had contributed to the effectiveness of the Board for the interest of the Shareholders.

In view of the above, the Board considers that the re-election of Mr. Leung Man Chiu, Lawrence as an independent non-executive Director is beneficial to the Board, the Company and the Shareholders as a whole. Separate resolution will be proposed at the AGM to approve the re-election of Mr. Leung Man Chiu, Lawrence as independent non-executive Director.

Details of the retiring Directors that are required to be disclosed under the Listing Rules are set out in **Appendix II** to this circular.

GENERAL MANDATES TO ISSUE AND BUY-BACK SHARES

At the last annual general meeting of the Company held on 14 August 2020, ordinary resolutions were passed whereby general mandates were given to the Board (i) to allot, issue and otherwise deal with Shares not exceeding 20% of the total number of issued Shares as at 14 August 2020; and (ii) to buy-back Shares not exceeding 10% of the total number of issued Shares as at 14 August 2020. Such mandates will lapse at the conclusion of the AGM unless being renewed at that meeting.

LETTER FROM THE BOARD

Ordinary Resolution No. 5 set out in the AGM Notice will be proposed to renew the mandate to allot, issue and deal with Shares not exceeding 20% of the total number of issued Shares as at the date of passing the resolution (subject to adjustment in case of subdivision and consolidation of Shares).

Ordinary Resolution No. 6 set out in the AGM Notice will be proposed to renew the mandate to buy-back Shares not exceeding 10% of the total number of issued Shares as at the date of passing the resolution (subject to adjustment in case of subdivision and consolidation of Shares).

In addition, subject to the passing of the Ordinary Resolutions Nos. 5 and 6, any Shares bought-back by the Company under the Ordinary Resolution No. 6 will also be added to the mandate for issue of additional Shares as set out in Ordinary Resolution No. 7 (subject to adjustment in case of subdivision and consolidation of Shares).

The Board wishes to state that they have no immediate plans to issue any new Shares or to buy-back any Shares pursuant to the relevant mandates. Approval is being sought from the Shareholders as a general mandate for the purposes of Sections 140 and 141 of the Companies Ordinance and the Listing Rules.

An explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the share buy-back mandate is set out in **Appendix III** to this circular.

NOTICE OF ANNUAL GENERAL MEETING

The AGM Notice is set out in Appendix I to this circular. At the AGM, the ordinary resolutions numbered 3, 5, 6 and 7 will be proposed to re-elect the retiring Directors, to approve the renewal of general mandates to buy back, allot, issue and otherwise deal with additional Shares.

A form of proxy for use at the AGM and the 2021 Annual Report are being sent to the Shareholders together with this circular. Whether or not you are able to attend the meeting, please complete the form of proxy in accordance with the instructions printed thereon and return it to the registered office of the Company at Unit 1801, 18/F., Lu Plaza, 2 Wing Yip Street, Kwun Tong, Kowloon, Hong Kong as soon as possible and in any event not later than 48 hours before the time of the AGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjourned meeting if you so wish. Please also refer to the precautionary measures for the AGM as stated in the cover page of this circular.

VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matters to be voted on by a show of hands and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

Accordingly, the chairman of the meeting will at the AGM demand a poll on all resolutions set out in the AGM Notice pursuant to Article 57 of the Articles of Association.

Pursuant to Article 61 of the Articles of Association, upon a poll every member present in person or by proxy shall have one vote for every Share held by him. On a poll a member entitled to more than one vote needs not use all his votes or cast his votes in the same way.

Tricor Standard Limited, the Company's share registrar, will be appointed as scrutineer of the poll.

RECOMMENDATION

The Board considers that the re-election of the retiring Directors, the general mandates to issue and buy-back Shares are in the best interests of the Company and the Shareholders, and accordingly recommends the Shareholders to vote in favour of all the relevant resolutions to be proposed at the AGM.

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



SAFETY GODOWN COMPANY, LIMITED

*(Incorporated in Hong Kong with limited liability)***(Stock Code: 237)**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Safety Godown Company, Limited (the “Company”) will be held at The LU+, Business Centre, 3/F., Lu Plaza, 2 Wing Yip Street, Kwun Tong, Kowloon, Hong Kong on Friday, 13 August 2021 at 1:00 p.m. (or in the event that a black rainstorm warning or a tropical cyclone warning signal number 8 or above is hoisted or remains hoisted at 11:00 a.m. or any time after 11:00 a.m. on that day, at the same time and place on the first Business Day (as defined in note (7) below) after 13 August 2021) for the following purposes:

1. To receive and consider the audited consolidated Financial Statements, the Report of the Directors of the Company and the Independent Auditor’s Report for the year ended 31 March 2021.
2.
 - (a) To declare a final dividend for the year ended 31 March 2021.
 - (b) To declare a special dividend for the year end 31 March 2021.
3.
 - (a) To re-elect Mr. Lee Ka Sze, Carmelo as a non-executive director of the Company.
 - (b) To re-elect Mr. Leung Man Chiu, Lawrence (who has served as an independent non-executive director for more than 9 years) as an independent non-executive director of the Company.
 - (c) To re-elect Ms. Oen Li Lin as an independent non-executive director of the Company.
 - (d) To authorise the board of directors of the Company to fix the remuneration of directors.
4. To re-appoint Deloitte Touche Tohmatsu as auditors and authorise the directors to fix their remuneration.

As special business, to consider and, if thought fit, to pass the following Ordinary Resolutions:

ORDINARY RESOLUTIONS

5. “THAT:

- (a) subject to paragraph (b) of this Resolution and pursuant to Sections 140 and 141 of the Companies Ordinance, the exercise by the directors of the Company (the “directors”) during the Relevant Period (as hereinafter defined) of all powers of the Company to allot, issue and deal with additional shares of the Company and to make or grant offers, agreements and options (including warrants, bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into shares of the Company) which will or might require the exercise of such power during or after the end of the Relevant Period be and is hereby generally and unconditionally approved;
- (b) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) an issue of shares in the Company under any option scheme or similar arrangement for the time being adopted for the grant or issue to the grantees as specified in such scheme or similar arrangement of shares or rights to acquire shares of the Company; or (iii) an issue of shares in the Company upon the exercise of subscription or conversion rights under the terms of any existing warrants, bonds, debentures, notes and other securities of the Company which carry rights to subscribe for or are convertible into shares of the Company; or (iv) an issue of shares in the Company as scrip dividends pursuant to the Articles of Association of the Company from time to time, shall not exceed 20 per cent. of the aggregate number of the shares of the Company in issue as at the date of passing of this Resolution (subject to adjustment in the case of subdivision and consolidation of shares) and the said approval shall be limited accordingly; and
- (c) for the purpose of this Resolution,

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting.

“Rights Issue” means an offer of shares of the Company or issue of option, warrants or other securities giving the right to subscribe for shares of the Company, open for a period fixed by the directors to holders of shares whose names appear on the Register of Members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such shares of the Company (or, where appropriate, such other securities) (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

6. **“THAT:**

- (a) subject to paragraph (b) of this Resolution, the exercise by the directors of the Company (the “directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to buy-back shares of the Company in issue on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognised by The Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate number of shares of the Company which the Company is authorised to be bought-back by the Company pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10 per cent. of the aggregate number of the shares of the Company in issue as at the date of passing of this Resolution (subject to adjustment in the case of subdivision and consolidation of shares), and the authority pursuant to paragraph (a) of this Resolution shall be limited accordingly; and
- (c) for the purpose of this Resolution,

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting.”

7. “**THAT** conditional upon the passing of Ordinary Resolutions Nos. 5 and 6 set out in the Notice convening this meeting, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot shares pursuant to Ordinary Resolution No. 5 set out in the Notice convening this meeting be and is hereby extended by the addition thereto of a number representing the aggregate number of the shares of the Company bought-back by the Company under the authority granted pursuant to Ordinary Resolution No. 6 set out in the Notice convening this meeting, provided that such extended number shall not exceed 10 per cent. of the aggregate number of the shares of the Company in issue as at the date of passing of this Resolution (subject to adjustment in the case of subdivision and consolidation of shares).”

By Order of the Board
Safety Godown Company, Limited
Mui Ngar May, Joel
Company Secretary

Hong Kong, 15 July 2021

Notes:

- (1) A Member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and on a poll, to vote in his stead and to speak at the meeting (or at any adjournment of it) provided that each proxy is appointed to exercise the rights attached to a different number of shares held by the member as specified in the proxy form. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the registered office of the Company at Unit 1801, 18/F., Lu Plaza, 2 Wing Yip Street, Kwun Tong, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
- (2) To ascertain the shareholders' entitlement to attend and vote at the Annual General Meeting, the Register of Members will be closed from Tuesday, 10 August 2021 to Friday, 13 August 2021, both days inclusive, during which period no transfer of shares can be registered. In order to be eligible to attend and vote at the meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 9 August 2021.
- (3) To ascertain the shareholders' entitlement to the proposed final dividend and special dividend, the Register of Members will be closed from Monday, 23 August 2021 to Thursday, 26 August 2021, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the final dividend and special dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 20 August 2021.
- (4) Subject to approval by the shareholders at the Annual General Meeting of the Company, the final dividend and special dividend will be paid on 10 September 2021 to every shareholder registered as a member on the Register of Members of the Company at the close of business on 26 August 2021.
- (5) With reference to item no. 3 in this Notice, Mr. Lee Ka Sze, Carmelo, Mr. Leung Man Chiu, Lawrence and Ms. Oen Li Lin shall retire and, being eligible, have offered themselves for re-election at the Annual General Meeting of the Company. Details of these directors are set out in Appendix II of the circular.
- (6) Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions set out in this Notice will be decided by poll at the above meeting.

- (7) “Business Day” means any day (excluding Saturday) on which no black rainstorm warning or a tropical cyclone warning signal number 8 or above is hoisted or remains hoisted at 11:00 a.m. on that day and on which banks in Hong Kong are generally open for business. If a black rainstorm warning or a tropical cyclone warning signal number 8 or above is hoisted at 11:00 a.m. or any time after 11:00 a.m. on 13 August 2021, the annual general meeting of the Company will not be held on that day but will be held at the same time and place on the first Business Day after 13 August 2021 instead.

The following are the biographical details of the three retiring Directors proposed to be re-elected at the AGM. Save for the information set out below, there is no information to be disclosed pursuant to any of the requirements of the provisions under Rule 13.51(2) of the Listing Rules, nor are there any other matters that need to be brought to the attention of the Shareholders in respect of these retiring directors who stand for re-election as Directors at the AGM.

Mr. Lee Ka Sze, Carmelo, JP, aged 61, has been a Director 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 a senior 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 KWG Property Holding Limited and a non-executive director of Playmates Holdings Limited, both of which are listed on the Stock Exchange.

Mr. Lee was a non-executive director of four listed public companies in Hong Kong, namely CSPC Pharmaceutical Group Limited, Termbray Industries International (Holdings) Limited, Yugang International Limited and Hopewell Holdings Limited and was an independent non-executive director of two listed public companies in Hong Kong, namely China Pacific Insurance (Group) Co. Ltd. and Esprit Holdings Limited.

Mr. Lee is a member of chairmen pool of The Listing Review Committee of the Stock Exchange, a convenor and a member of the Financial Reporting Review Panel of the Financial Reporting Council of Hong Kong, a chairman of the Appeal Tribunal Panel (Buildings), and a non-official member of the InnoHK Steering Committee.

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

Save as disclosed above, as at the Latest Practicable Date, Mr. Lee did not hold any other directorship in public companies listed on any securities market in Hong Kong or overseas in the last three years nor hold any position in any members of the Group.

Mr. Lee does not have any relationship with any other Directors, senior management of the Company, substantial or controlling Shareholders.

There is no service contract entered into between Mr. Lee and the Company and no fixed or proposed length of service with the Company. Mr. Lee is subject to retirement by rotation and re-election in accordance with the Articles of Association. The director's fee payable to him is determined with reference to his duties and responsibilities and shall be subject to review by the Board from time to time pursuant to the power given to it at annual general meetings. For the year ended 31 March 2021, Mr. Lee received a fixed remuneration of HK\$62,900 as director's fee per annum and additional fee of HK\$143,600 and HK\$80,700 as a member of the Audit Committee and the Remuneration and Nomination Committee respectively.

As at the Latest Practicable Date, Mr. Lee did not have any interests in the Shares within the meaning of Part XV of the SFO.

Mr. Leung Man Chiu, Lawrence, aged 73, has been an independent non-executive Director since 16 June 2006. He is also an independent non-executive director of Pak Fah Yeow International Limited, PFC Device Inc., and SMC Electric Limited, all are listed on the Stock Exchange. Mr. Leung was a non-executive director of World Super Holdings Limited, a company that is listed on the Stock Exchange. Mr. Leung is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He graduated in 1969 from the Hong Kong Technical College (now the Hong Kong Polytechnic University) with a diploma in accountancy and qualified himself as a certified public accountant in 1972. Mr. Leung is a practising certified public accountant and has been in public practice for over 40 years. He has extensive experience in accounting and auditing and had served in listing and auditing projects for a number of Hong Kong public listed companies. He is now practicing as a partner in Tang and Fok. He is a member of the Audit Committee and the Remuneration and Nomination Committee of the Company.

Save as disclosed above, as at the Latest Practicable Date, Mr. Leung did not hold any other directorship in public companies listed on any securities market in Hong Kong or overseas in the last three years or hold any position in any members of the Group.

Mr. Leung has given his annual confirmation of independence to the Company and the Remuneration and Nomination Committee of the Company had assessed and reviewed it based on the independence criteria as set out in Rule 3.13 of the Listing Rules. He does not have any relationship with any other Directors, senior management of the Company, substantial or controlling Shareholders. The Board is also not aware of any circumstance that might influence Mr. Leung in exercising independent judgment, and is satisfied that he has the required character, integrity, independence and experience to fulfill the role of an independent non-executive Director and he will be able to maintain an independent view of the Group's affairs. The Board considers him to be independent. The Board is of the view that Mr. Leung is beneficial to the Board with diversity of his comprehensive experience and knowledge that contributes to invaluable expertise, continuity and stability to the Board, and the Company has benefited greatly from his contribution and valuable insights derived from his in-depth knowledge of the Company. The Board believes that he will continue to contribute effectively to the Board.

There is no service contract entered into between Mr. Leung and the Company and no fixed or proposed length of service with the Company. Mr. Leung is subject to retirement by rotation and re-election in accordance with the Articles of Association. The director's fee payable to him is determined with reference to his duties and responsibilities and shall be subject to review by the Board from time to time pursuant to the power given to it at annual general meetings. For the year ended 31 March 2021, Mr. Leung received a fixed remuneration of HK\$62,900 as director's fee per annum and additional fee of HK\$164,496 and HK\$80,700 as the chairman of the Audit Committee and a member of the Remuneration and Nomination Committee respectively.

As at the Latest Practicable Date, Mr. Leung did not have any interests in the Shares within the meaning of Part XV of the SFO.

Ms. Oen Li Lin, aged 59, has been an independent non-executive Director since 16 November 2020. Ms. Oen is a 24-year veteran of the financial sector with extensive experience in corporate banking, credit research and risk management. Prior to retirement, she served as Senior Credit Officer at American International Assurance Co., Ltd.. She holds a bachelor's degree in mathematics and a master's degree in statistics. She also received an MBA with a concentration in finance and accounting. Ms. Oen is a member of the Audit Committee, the Remuneration and Nomination Committee and the Investment Committee of the Company.

As at the Latest Practical Date, Ms. Oen did not hold any other directorship in public companies listed on any securities market in Hong Kong or overseas in the last three years or hold any position in any members of the Group.

Ms. Oen has given her annual confirmation of independence to the Company and the Remuneration and Nomination Committee of the Company had assessed and reviewed it based on the independence criteria as set out in Rule 3.13 of the Listing Rules. She does not have any relationship with any other Directors, senior management of the Company, substantial or controlling Shareholders. The Board is also not aware of any circumstance that might influence Ms. Oen in exercising independent judgment, and is satisfied that she has the required character, integrity, independence and experience to fulfill the role of an independent non-executive Director and she will be able to maintain an independent view of the Group's affairs. The Board considers her to be independent. The Board is of the view that Ms. Oen is beneficial to the Board with diversity of her comprehensive experience and knowledge that contributes to invaluable expertise to the Board, and the Company has benefited greatly from her contribution. The Board believes that she will continue to contribute effectively to the Board.

There is no service contract entered into between Ms. Oen and the Company and no fixed or proposed length of service with the Company. Ms. Oen is subject to retirement by rotation and re-election in accordance with the Articles of Association. The director's fee payable to her is determined with reference to her duties and responsibilities and shall be subject to review by the Board from time to time pursuant to the power given to it at the annual general meeting. For the year ended 31 March 2021, Ms. Oen received a fixed remuneration of HK\$26,876 as director's fee and additional fee of HK\$54,652, HK\$29,539 and HK\$36,747 as a member of the Audit Committee, the Remuneration and Nomination Committee and the Investment Committee, respectively.

As at the Latest Practicable Date, Ms. Oen did not have any interest in Shares within the meaning of Part XV of the SFO.

The following is the explanatory statement required to be sent to Shareholders under the Listing Rules in connection with the buy-back mandate and also constitutes the memorandum required under Section 239(2) of the Companies Ordinance.

SHARE CAPITAL

As at Latest Practicable Date, the number of issued Shares was 405,000,000 Shares.

EXERCISE OF THE BUY-BACK MANDATE

Resolution No. 6 set out in the AGM Notice convening the AGM will, if passed, give a general mandate to the directors authorising the buy-back by the Company of up to 10 per cent. of the Shares in issue as at the date of the AGM (subject to adjustment in case of subdivision and consolidation of Shares) at any time until the end of the Relevant Period as defined in Resolution No. 6 set out in the AGM Notice.

Accordingly, exercise in full of the buy-back mandate (on the basis of 405,000,000 Shares in issue as at the Latest Practicable Date and assuming no Shares are issued or bought-back prior to the date of the AGM) would result in up to 40,500,000 Shares being bought-back by the Company during the Relevant Period (subject to adjustment in case of subdivision and consolidation of Shares).

REASONS FOR BUY-BACK

The Directors believe that it is in the best interests of the Company and its Shareholders to have a general authority from the Shareholders to enable the Directors to buy-back Shares. Such buy-back may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and/or its earning per share and will only be made when the directors believe that such buy-back will benefit the Company and its Shareholders.

FUNDING OF BUY-BACK

In buy-back Shares, the Company may only apply funds legally available for such purpose in accordance with the Articles of Association, the applicable laws of Hong Kong and the Listing Rules. Any buy-back will be made out of funds of the Company legally permitted to be utilised in this connection, being distributable profits of the Company or the proceeds of a new issue of Shares made for such purpose.

If the share buy-back mandate were exercised in full at any time during the Relevant Period, there could be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited consolidated financial statements as at 31 March 2021). The Directors therefore do not propose to exercise the power under the share buy-back mandate to such an extent unless it is determined by the Directors that such buy-back are, taking account of all relevant factors, in the best interests of the Company.

GENERAL

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their close associates have a present intention to sell any Shares to the Company, or have undertaken not to do so, in the event the share buy-back mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will only exercise the buy-back mandate in accordance with the Listing Rules and the applicable laws of Hong Kong.

No core connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the buy-back mandate is approved by the Shareholders.

TAKEOVERS CODE

If as a result of a buy-back by the Company, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purpose of The Codes on Takeovers and Mergers and Share Buy-backs (the "Takeovers Code"). Accordingly, a Shareholder, or a group of Shareholders acting in concert, could, depending upon the level of increase in shareholding interest(s), obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, Mr. Lu Wing Yee, Wayne (an executive Director) and Ms. Chan Koon Fung, in their capacities as the executors of the estate of the late Mr. Lu Sin and in their personal capacities, and parties acting in concert with them together already controlled more than 50 per cent., in aggregate, of the voting rights of the Company. The Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any buy-back made under the buy-back mandate.

SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the twelve months preceding the Latest Practicable Date were as follows:-

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2020		
July	9.93	7.60
August	3.40*	2.60*
September	4.20	3.00
October	3.89	3.68
November	3.87	3.51
December	3.71	3.43
2021		
January	3.55	3.28
February	3.53	3.26
March	3.45	3.25
April	3.40	3.12
May	3.40	3.26
June	3.94	3.33
July (from 1 July up to Latest Practicable Date)	3.84	3.73

* Adjusted due to share subdivision

SHARE BUY-BACK BY THE COMPANY

The Company has not bought back any of its shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.