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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)

INTERIM RESULTS ANNOUNCEMENT – 2021/22

FINANCIAL HIGHLIGHTS

- Total revenue: HK\$60,053,000, an increase of approximately 6.8% (2020: HK\$56,234,000)
- Loss attributable to owners of the Company: HK\$75,483,000, a decrease of approximately 24.1% (2020: loss of HK\$99,457,000)
- Bank balances, bank deposits and other deposits: HK\$557,509,000 (31.3.2021: HK\$620,189,000)
- Loss per share: HK\$0.19 (2020: loss of HK\$0.25)
- Interim dividend: HK4 cents per share (2020: HK9 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 2021. 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 2021, the Group recorded loss attributable to owners of the Company approximately HK\$75,483,000 (six months ended 30 September 2020: loss of HK\$99,457,000), representing a decrease of approximately 24.1% as compared with the corresponding period in 2020. Total revenue increased by approximately 6.8% from HK\$56,234,000 to HK\$60,053,000. The Group’s underlying profit excluding fair value loss on investment properties decreased by approximately 66% from HK\$70,543,000 to HK\$23,957,000.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2021

	Notes	Six months ended	
		30.9.2021 (unaudited) HK\$'000	30.9.2020 (unaudited) HK\$'000
Revenue	3	<u>60,053</u>	<u>56,234</u>
Income from godown operations		8,653	7,421
Income from property investment		46,863	45,847
Interest income		922	1,535
Dividend income		3,615	1,431
Other gains and losses		3,653	50,028
Other income		–	771
Exchange gain, net		752	120
Decrease in fair value of investment properties		(99,440)	(170,000)
Staff costs		(8,173)	(7,401)
Depreciation of property, plant and equipment		(12,116)	(10,635)
Impairment loss on trade receivable under expected credit loss (“ECL”) model		(621)	–
Other expenses		<u>(13,260)</u>	<u>(12,562)</u>
Loss before taxation		(69,152)	(93,445)
Taxation	5	<u>(6,331)</u>	<u>(6,012)</u>
Loss and total comprehensive expense for the period attributable to owners of the Company		<u>(75,483)</u>	<u>(99,457)</u>
Loss per share-Basic	7	<u>(HK\$0.19)</u>	<u>(HK\$0.25)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

	<i>Note</i>	30.9.2021 (unaudited) HK\$'000	31.3.2021 (audited) HK\$'000
Non-current assets			
Investment properties		3,001,960	3,101,400
Property, plant and equipment		250,875	252,955
		<u>3,252,835</u>	<u>3,354,355</u>
Current assets			
Financial assets at fair value through profit or loss (“FVTPL”)		381,361	470,161
Trade and other receivables	8	14,357	21,421
Tax recoverable		–	756
Bank deposits		215,030	331,049
Other deposits		76,024	41,166
Bank balances and cash		266,455	247,974
		<u>953,227</u>	<u>1,112,527</u>
Current liabilities			
Other payables		42,074	35,556
Tax payable		19,000	17,285
		<u>61,074</u>	<u>52,841</u>
Net current assets		<u>892,153</u>	<u>1,059,686</u>
		<u>4,144,988</u>	<u>4,414,041</u>

	<i>Note</i>	30.9.2021 (unaudited) HK\$'000	31.3.2021 (audited) HK\$'000
Capital and reserves			
Share capital	<i>9</i>	178,216	178,216
Reserves		3,875,175	4,145,058
		<u>4,053,391</u>	<u>4,323,274</u>
Equity attributable to owners of the Company			
Non-current liabilities			
Long-term tenants' deposits received		13,761	15,444
Deferred tax liabilities		77,081	74,709
Provision for long service payments		755	614
		<u>91,597</u>	<u>90,767</u>
		<u>4,144,988</u>	<u>4,414,041</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 2021 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 2021 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.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2021 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2021.

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 annual period beginning on or after 1 April 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform-Phase 2

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

3. REVENUE

	Six months ended	
	30.9.2021	30.9.2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Income from godown operations	8,653	7,421
Income from property investment	46,863	45,847
Dividend income from listed investments	3,615	1,431
Bank interest income	284	892
Other interest income	638	643
	<u>60,053</u>	<u>56,234</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 2021

	Godown operations <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue				
Segment revenue	<u>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				<u>(4,150)</u>
Loss before taxation				<u>(69,152)</u>

As at 30 September 2021

	Godown operations <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Assets				
Segment assets	228,936	3,037,629	672,694	3,939,259
Bank balances and cash				266,455
Unallocated other assets				348
				<u>4,206,062</u>
Liabilities				
Segment liabilities	2,205	40,007	1,964	44,176
Tax payable				19,000
Deferred tax liabilities				77,081
Unallocated other liabilities				12,414
				<u>152,671</u>

For the six months ended 30 September 2020

	Godown operations <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue				
Segment revenue	<u>7,421</u>	<u>45,847</u>	<u>2,966</u>	<u>56,234</u>
Segment profit (loss)	<u>143</u>	<u>(140,754)</u>	<u>51,274</u>	(89,337)
Central administrative costs				(4,108)
Loss before taxation				<u>(93,445)</u>

As at 31 March 2021

	Godown operations <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Assets				
Segment assets	234,338	3,139,129	844,083	4,217,550
Bank balances and cash				247,974
Unallocated other assets				1,358
				<u>4,466,882</u>
Liabilities				
Segment liabilities	1,483	39,962	1,130	42,575
Tax payable				17,285
Deferred tax liabilities				74,709
Unallocated other liabilities				9,039
				<u>143,608</u>

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

5. TAXATION

	Six months ended	
	30.9.2021	30.9.2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
The charge comprises:		
Hong Kong Profits Tax	3,959	4,275
Deferred taxation	2,372	1,737
	<u>6,331</u>	<u>6,012</u>

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

6. DIVIDENDS

	Six months ended	
	30.9.2021	30.9.2020
	HK\$'000	HK\$'000
Dividends appropriation/paid:		
Final dividend appropriation/paid in respect of the year ended 31 March 2021 of HK5 cents (2020: HK3 cents) per ordinary share	20,250	12,150
Special dividend appropriation in respect of the year ended 31 March 2021 of HK43 cents (2020: nil) per ordinary share	174,150	–
	194,400	12,150

Subsequent to the end of the current interim period, the directors of the Company have determined that an interim dividend of HK4 cents (six months ended 30.9.2020: HK9 cents) per share, amounting to HK\$16,200,000 (six months ended 30.9.2020: HK\$36,450,000) will be paid to the shareholders of the Company, whose names appear in the register of members on 22 December 2021.

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\$75,483,000 (six months ended 30.9.2020: loss of HK\$99,457,000) and on 405,000,000 (six months ended 30.9.2020: 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 by age, presented based on the billing date are as follows:

	30.9.2021	31.3.2021
	HK\$'000	HK\$'000
Within 60 days	4,942	3,008
61-90 days	90	3
Over 90 days	72	3
	5,104	3,014

9. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
Issued and fully paid:		
Ordinary shares with no par value		
At 30 September 2020, 31 March 2021 and 30 September 2021	<u>405,000,000</u>	<u>178,216</u>

10. RELATED PARTY DISCLOSURES

The remuneration of directors and other members of key management during the period was HK\$712,000 (six months ended 30.9.2020: HK\$549,000).

BUSINESS REVIEW

During the six months ended 30 September 2021 (the “Period”) under review, Hong Kong’s overall economy continued to improve gradually amid the resurgence of variant infection cases in different countries being reported to emerge from time to time. However, the economic prospects were clouded by the uncertainty in association with the limited business activity and tourist inflow.

Godown Operations Segment

As the impacts of the social unrest and COVID-19 pandemic dissipated gradually, the revenue of the godown operations segment improved satisfactorily during the Period under review. The Hong Kong economy and consumer confidence improved in view of the effective control measures and social restrictions adopted by the HKSAR Government to fight the COVID-19. The increase in the proportion of the revenue of the fast-moving consumer goods clientele represented the segment’s reliance on industrial raw materials (e.g. paper and textile raw materials) in the past would be changed.

During the Period under review, the revenue generated from the segment increased by approximately 16.6% to HK\$8,653,000 (six months ended 30 September 2020: HK\$7,421,000). The average rent per cubic meter increased from approximately HK\$86 for the six months ended 30 September 2020 to approximately HK\$94 and the average occupancy rate increased from approximately 40.2% for the six months ended 30 September 2020 to approximately 50%.

Property Investment Segment

During the Period under review, total rental income increased by approximately 2.2% to HK\$46,863,000 (six months ended 30 September 2020: HK\$45,847,000) and the segment profit (excluding the decrease in fair value of investment properties) decreased by approximately 10.4% to HK\$26,195,000 (six months ended 30 September 2020: HK\$29,246,000). The rental income generated from the major investment property Lu Plaza was approximately HK\$36.9 million. The average occupancy rate of Lu Plaza increased from approximately 80.1% for the six months ended 30 September 2020 to approximately 81.2% during the Period.

The official launch of Lu Plaza’s multi-function business centre “The LU+” on 25 June 2021 signified the completion of revitalisation work of Lu Plaza and turning it to a new page. During the Period under review, “The LU+” was well received and more than 100 events had been organised at the “The LU+” by chambers of commerce, NGOs and tenants. The newly designed website and Facebook Page for both Lu Plaza and the “The LU+” were also launched to attract more viewers. “The LU+” is targeted to provide more comprehensive and caring services to tenants to uplift the image of Lu Plaza for future higher returns.

Treasury Investment Segment

Despite lower interest income, revenue from the treasury investment segment increased by approximately 53% to HK\$4,537,000 (six months ended 30 September 2020: HK\$2,966,000) underpinned by higher dividend income. The segment profit decreased by approximately 86% to HK\$7,186,000 (six months ended 30 September 2020: HK\$51,274,000) which was mainly attributable to the decrease in the fair value gain on financial assets at fair value through profit or loss, including stocks, bonds, non-physical gold and investment funds. Since the performance of Hong Kong's Hang Seng Index continued to underperform during the Period, the relevant investment recorded a loss of HK\$9,097,000. However, the investment in foreign stocks performed relatively well and recorded a gain of HK\$3,950,000.

During the Period under review, the portfolio's position in investment of non-physical gold was reduced to 9,000 ounces (six months ended 30 September 2020: 18,000 ounces). The disposals of 4,400 ounces of non-physical gold on 4 March 2021 and 4,600 ounces non-physical gold on 23 August 2021 recorded a gain of HK\$2,827,000. Further details in relation to the disposals can be referred to the Company's announcement dated 24 August 2021.

OUTLOOK

During the times of economic downturn arising from the social unrest and COVID-19 pandemic, the HKSAR Government had effectively managed to adopt different administrative measures and pass various laws to restore peace and order and to implement prevention and control measures and vaccination programme. Should the current circumstances continue, the volume of business of godown operations would likely maintain at the September 2021 level of 15,000 cubic meters comparing with that of below 10,000 cubic meters during the worst times of the economic downturn. Further growth shall be dependent on the overall economic recovery and the rebound on trade activity and retail sales.

The occupancy rate of Lu Plaza bottomed out from below 80% at the worst times of the economic downturn to 82.2% as at 30 September 2021. Since 1 October 2021, new tenancy agreements in aggregate representing a further approximately 5% in occupancy rate have been signed. The Group has planned to improve the software and hardware of the godown and logistics operations so as to cater for the upcoming economic recovery.

Considering the impact of economic downturn on our tenants, the Group had proactively assisted the respective tenants to undertake downsizing arrangements and provided rent concessions on a case-by-case basis. Therefore, the Group successfully could retain most of the tenants upon renewal of tenancy.

It is anticipated that the occupancy rate of Lu Plaza might rise slightly and the level of rents will be likely to remain stable. However, the return of rental rates to the historical high of about HK\$20 or above is unforeseeable in the short to medium term.

The low interest rate environment driven by the aggressive stimulus measures by governments worldwide has impacted on the interest income generated from bank deposits and bonds investment. The current volatility of global stock markets may trigger higher uncertainty on returns from stocks investment. The investment committee of the Group will continue to monitor the market condition and adjust the assets in the investment portfolio in a prudent manner. Following the disposals of 4,400 ounces of non-physical gold on 4 March 2021 and 4,600 ounces non-physical gold on 23 August 2021, the Group currently holds 9,000 ounces of non-physical gold and will continue to adjust its holding in accordance with the Group's investment strategy.

FINANCIAL REVIEW

Condensed consolidated statement of profit or loss and other comprehensive income

During the Period, the Company's total revenue reached HK\$60,053,000, including income from godown operations segment of HK\$8,653,000, property investment segment of HK\$46,863,000 and treasury investment segment of HK\$4,537,000 (interest income of HK\$922,000 and dividend income of HK\$3,615,000). The revenue of each of the three segments increased approximately 16.6%, 2.2% and 53.0%, respectively comparing to the last corresponding period.

During the Period, the Group recorded a fair value loss on investment properties of HK\$99,440,000 (six months ended 30 September 2020: loss of HK\$170,000,000) which had been included in the condensed consolidated statement of profit or loss and other comprehensive income.

Staff costs increased by approximately 10.4% to HK\$8,173,000 (six months ended 30 September 2020: HK\$7,401,000) arising from the new recruitments and the provision for performance-based bonus.

Depreciation of property, plant and equipment increased by approximately 13.9% to HK\$12,116,000 (six months ended 30 September 2020: HK\$10,635,000).

Other expenses increased by approximately 5.6% to HK\$13,260,000 (six months ended 30 September 2020: HK\$12,562,000).

Condensed consolidated statement of financial position

The Company's net asset value stood at HK\$4,053,391,000, mainly comprising HK\$3,001,960,000 of investment properties, HK\$250,875,000 of property, plant and equipment (mainly the Group's self-occupied godown building situated at Kwai Chung), HK\$381,361,000 of financial assets at fair value through profit or loss and other current assets, including cash and bank balances together with bank and other deposits.

The carrying amount of the investment properties decreased as a result of a downward adjustment in their fair value with reference to valuations carried out by independent professional valuers on an open market basis as at 30 September 2021.

Financial assets at fair value through profit or loss decreased by approximately 18.9% to HK\$381,361,000 mainly due to the disposal of 4,600 ounces of non-physical gold. Cash and deposits (including deposits in the investment accounts) decreased by approximately 10.1% to HK\$557,509,000 (31 March 2021: HK\$620,189,000) mainly due to the payments of final and special dividends to the shareholders for the year ended 31 March 2021.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2021, the Group had cash and bank balances of HK\$266,455,000 (31 March 2021: HK\$247,974,000) and the total current liabilities amounted to HK\$61,074,000 (31 March 2021: HK\$52,841,000). Current ratio stood at approximately 15.61 times (31 March 2021: 21.05 times) and the Group had no bank borrowings.

Net assets of the Group decreased by approximately 6.2% to HK\$4,053,391,000 (31 March 2021: HK\$4,323,274,000) and the net asset value per share decreased by approximately 6.2% to HK\$10.01 (31 March 2021: HK\$10.67).

EMPLOYEES

As at 30 September 2021, the Group had a total of 37 (31 March 2021: 37) employees. Remuneration is determined on the basis of qualifications, experience, responsibilities and performance. During the Period, staff costs (including Directors' emoluments) increased by approximately 10.4% to HK\$8,173,000 (six months ended 30 September 2020: HK\$7,401,000).

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 in US dollar securities and deposits. Since the Hong Kong dollar is pegged to the 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\$752,000 (six months ended 30 September 2020: HK\$120,000).

CONTINGENT LIABILITIES

As at 30 September 2021, the Group did not have any significant contingent liabilities (31 March 2021: nil).

PLEDGE OF ASSETS

As at 30 September 2021, the Group did not have any pledge of assets (31 March 2021: nil).

INTERIM DIVIDEND

The board of directors of the Company (the “Board”) declared an interim dividend of HK4 cents per share for the Period (2020: HK9 cents per share), payable to the shareholders of the Company, whose names appear on the register of members on 22 December 2021. The interim dividend will be paid on 11 January 2022.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 17 December 2021 to Wednesday, 22 December 2021, 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, Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 16 December 2021.

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 operation and development. 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 six months ended 30 September 2021 except for the following deviations from code provisions A.2.1 to A.2.9, A.4.1, D.1.4, E.1.2 and F.1.3.

CG Code Provisions A.2.1 to A.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 shall 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, with the assistance of the senior management, the Executive Director continues to monitor the business and operation of the Group.

CG Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term. However, all Non-executive Directors of the Company are appointed with no specific term. In fact, all the Directors (including Non-executive Directors) of the Company are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Articles of Association (the "Articles"). The Board considers that such requirements are sufficient to meet the underlying objectives of the relevant code provision.

CG Code Provision D.1.4 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. 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 E.1.2 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 13 August 2021 in accordance with the Articles.

CG Code Provision F.1.3 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 have been vacant, the Company Secretary reports to the Executive Director of the Company.

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 dealing 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 six months ended 30 September 2021.

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 and of the Company www.safetygodown.com on 25 November 2021. The interim report for the six months ended 30 September 2021 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, 25 November 2021

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>