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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 DIRECTORS SHARE SUBDIVISION 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 5 to 11 of this circular.

A notice convening the AGM to be held at Unit 1806, 18/F., Lu Plaza, 2 Wing Yip Street, Kwun Tong, Kowloon, Hong Kong on Friday, 14 August 2020 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 2020

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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 Unit 1806, 18/F., Lu Plaza, 2 Wing Yip Street, Kwun Tong, Kowloon, Hong Kong on Friday, 14 August 2020 at 1:00 p.m. (or any adjournment thereof);
“AGM Notice”	the notice dated 15 July 2020 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;
“Business Day”	a day (other than public holiday, a Saturday or Sunday) on which banks in Hong Kong are generally open for business and the Stock Exchange is open for business of dealing in securities;
“CCASS”	the Central Clearing and Settlement System established and operated by the HKSCC;
“Company”	Safety Godown 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;
“Existing Share(s)”	share(s) of the Company before the Share Subdivision becomes effective;
“Existing Share Certificate(s)”	share certificate(s) for Existing Shares which are in the colour of orange;
“Group”	the Company and its subsidiaries from time to time;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“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;

DEFINITIONS

“Latest Practicable Date”	9 July 2020, 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;
“New Share Certificate(s)”	share certificate(s) for Subdivided Shares which will be in the colour of blue;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	Existing Share(s) or Subdivided Share(s), as the case may be;
“Shareholders”	holders of Existing Shares or the Subdivided Shares, as the case may be;
“Share Subdivision”	the proposed share subdivision on the basis that every one (1) Existing Share be converted into three (3) Subdivided Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Subdivided Shares”	share(s) of the Company immediately after the Share Subdivision becoming effective.

EXPECTED TIMETABLE

The expected timetable for the implementation of the Share Subdivision and the associated trading arrangement is as follows:

Events	Time and Date
Dispatch date of this circular with notice of the AGM	Wednesday, 15 July 2020
Latest date and time for lodging transfer documents in order to qualify for attending and voting at the AGM	4:30 p.m. on Monday, 10 August 2020
Closure of register of members for the entitlement to attend and vote at the AGM	Tuesday, 11 August 2020 to Friday, 14 August 2020 (both days inclusive)
Latest date and time for lodging forms of proxy for the AGM	1:00 p.m. on Wednesday, 12 August 2020
Date and time of the AGM	1:00 p.m. on Friday, 14 August 2020
Announcement of results of the AGM	Friday, 14 August 2020
 The following events are conditional on the fulfilment of the conditions for the implementation of the Share Subdivision	
Effective date of the Share Subdivision	Tuesday, 18 August 2020
Commencement of dealing in the Subdivided Shares	9:00 a.m. on Tuesday, 18 August 2020
Original counter for trading in the Existing Shares in board lots of 2,000 Existing Shares temporarily closes	9:00 a.m. on Tuesday, 18 August 2020
Temporary counter for trading in the Subdivided Shares in board lots of 6,000 Subdivided Shares (in the form of Existing Share Certificates) opens	9:00 a.m. on Tuesday, 18 August 2020
First day of free exchange of Existing Share Certificates for New Share Certificates for the Subdivided Shares	Tuesday, 18 August 2020
Original counter for trading in the Subdivided Shares in board lots of 2,000 Subdivided Shares (in the form of New Share Certificates for the Subdivided Shares) re-opens	9:00 a.m. on Tuesday, 1 September 2020

EXPECTED TIMETABLE

Parallel trading in the Subdivided Shares (in the form of Existing Share Certificates and New Share Certificates) commences 9:00 a.m. on Tuesday, 1 September 2020

Temporary counter for trading in the Subdivided Shares in board lots of 6,000 Subdivided Shares (in the form of Existing Share Certificates) closes 4:10 p.m. on Monday, 21 September 2020

Parallel trading in the Subdivided Shares (in the form of Existing Share Certificates and New Share Certificates) ends 4:10 p.m. on Monday, 21 September 2020

Last day of free exchange of Existing Share Certificates for New Share Certificates for the Subdivided Shares . . . Wednesday, 23 September 2020

1. All times and dates in this circular refer to Hong Kong local times and dates.
2. Dates or deadlines specified above are indicative only and may be varied by the Company. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate in accordance with the Listing Rules.

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:

GAN Khai Choon

LAM Ming Leung

LEUNG Man Chiu, Lawrence

Registered office:

Unit 1801, 18/F., Lu Plaza

2 Wing Yip Street

Kwun Tong, Kowloon

Hong Kong

15 July 2020

To the Shareholders

Dear Sir or Madam,

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

INTRODUCTION

Reference is made to the announcement of the Company dated 26 June 2020 in relation to the proposed Share Subdivision, details of which, together with a proposal to renew general mandates granted to the Directors to issue Shares and buy back Shares are set out below.

The purpose of this circular is to give you notice of the AGM to be convened for the purpose of considering, and if thought fit, passing resolutions to approve, *inter alia*, the re-election of retiring Directors, the proposed Share Subdivision and the renewal of general mandates to issue shares and buy back Shares.

PROPOSED SHARE SUBDIVISION

The Board proposes to implement the Share Subdivision on the basis that every one (1) Existing Share be converted into three (3) Subdivided Shares.

LETTER FROM THE BOARD

Effects of the Share Subdivision

As at the Latest Practicable Date, 135,000,000 Existing Shares have been allotted and issued. Upon the Share Subdivision becoming effective and assuming that no Existing Shares are issued or bought back from the Latest Practicable Date until the effective date of the Share Subdivision, 405,000,000 Subdivided Shares will be in issue.

Upon the Share Subdivision becoming effective, the Subdivided Shares shall rank *pari passu* in all respects with each other.

Other than the expenses to be incurred in relation to the Share Subdivision, the implementation of the Share Subdivision will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders.

Conditions of the Share Subdivision

The Share Subdivision is conditional upon the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Share Subdivision at the AGM; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subdivided Shares.

Subject to the fulfilment of the conditions of the Share Subdivision, the effective date of the Share Subdivision is currently expected to be Tuesday, 18 August 2020, being the second Business Day immediately after the date of the AGM.

Listing application

An application has been made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Subdivided Shares upon the Share Subdivision becoming effective.

Subject to the granting of listing of, and permission to deal in, the Subdivided Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the Subdivided Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Subdivided Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Subdivided Shares to be admitted into CCASS established and operated by HKSCC.

LETTER FROM THE BOARD

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Subdivision becoming effective, the Subdivided Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Exchange of share certificates

Subject to the Share Subdivision becoming effective, which is currently expected to be on Tuesday, 18 August 2020, being the second Business Day immediately after the date of the AGM, the Shareholders may during the business hours, on or after Tuesday, 18 August 2020 and until Wednesday, 23 September 2020 (both days inclusive) submit Existing Share Certificates in the colour of orange to the Company's share registrar, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, in exchange for New Share Certificates in the colour of blue for the Subdivided Shares at the expense of the Company.

Thereafter, Existing Share Certificates will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each Existing Share Certificate submitted for cancellation or each New Share Certificate issued for the Subdivided Shares, whichever the number of share certificates cancelled/issued is higher.

Subject to the Share Subdivision becoming effective, the Existing Share Certificates will only be valid for delivery, trading and settlement purposes for the period until 4:10 p.m. on Monday, 21 September 2020, and thereafter will not be accepted for delivery, trading and settlement purposes. However, the Existing Share Certificates will remain effective as documents of title to the Subdivided Shares on the basis of one (1) issued Existing Share for three (3) Subdivided Shares.

Securities convertible or exchangeable into Existing Shares

As at the Latest Practicable Date, the Company does not have any options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Existing Shares.

Reasons for the Share Subdivision

It is the 60th anniversary of the Company's establishment and the Board proposes to implement the Share Subdivision to celebrate the occasion. Upon the Share Subdivision becoming effective, the total number of Shares in issue will increase. As a result, the Share Subdivision is expected to result in reducing the trading price of each Share proportionately. The Board believes that the Share Subdivision will increase liquidity in trading of the Shares and will afford the Shareholders more flexibility in managing their own investments in the Company.

LETTER FROM THE BOARD

The Board believes that the Share Subdivision will not have any material adverse effect on the financial position of the Group nor result in change in the relative rights of the Shareholders.

In view of the above reasons, the Company considers the Share Subdivision is justifiable notwithstanding the potential costs. Accordingly, the Board is of the view that the Share Subdivision is beneficial to and in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Company has no intention to enter, and has not entered, into any agreement, arrangement, understanding and negotiation (concluded or otherwise) to carry out any potential equity fund raising activities or corporate actions within the next 12 months which will have an effect of undermining or negating the intended purpose of the Share Subdivision. Nevertheless, the Company does not obviate the possibility of exercising the general mandates to issue new shares or buy-back shares of the Company in the future as and when the Company considers appropriate.

No change in board lot size

Currently, the Existing Shares are traded on the Stock Exchange in the board lot size of 2,000 Existing Shares. Upon the Share Subdivision becoming effective, the board lot size for trading in the Subdivided Shares will remain as 2,000 Subdivided Shares. The Share Subdivision is not expected to result in any odd lots other than those that already exist.

RE-ELECTION OF DIRECTORS

As at the Latest Practicable Date, the executive director of the Company is Mr. Lu Wing Yee, Wayne; the non-executive director of the Company is Mr. Lee Ka Sze, Carmelo and the independent non-executive directors of the Company are Mr. Gan Khai Choon, Mr. Lam Ming Leung and Mr. Leung Man Chiu, Lawrence.

In accordance with Articles 78 and 79 of the Articles of Association, Mr. Lam Ming Leung and Mr. Lu Wing Yee, Wayne shall retire by rotation at the AGM of the Company and, being eligible, have offered themselves for re-election.

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 2020 based on the independence criteria as set out in Rule 3.13 the Listing Rules and confirmed that all of them, including Mr. Lam Ming Leung, 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. Lam Ming Leung and Mr. Lu Wing Yee, Wayne stand for re-election as directors of the Company

LETTER FROM THE BOARD

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. Lam Ming Leung, who was appointed as independent non-executive director of the Company in 2004, had served as an independent non-executive director of the Company for more than 9 years. During his tenure of office, Mr. Lam 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. Lam and believes that he is and shall continue to be independent of the Company. The Board will continue to review the independence of Mr. Lam annually.

Besides, during his tenure of office, Mr. Lam 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. Lam Ming Leung as an independent non-executive director of the Company 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. Lam Ming Leung as independent non-executive director of the Company.

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 16 August 2019, 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 in the Company as at 16 August 2019; and (ii) to buy-back shares of the Company not exceeding 10% of the total number of issued shares in the Company as at 16 August 2019. Such mandates will lapse at the conclusion of the AGM unless being renewed at that meeting.

Ordinary Resolution No. 6 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 in the Company as at the date of passing the resolution (subject to adjustment in case of subdivision and consolidation of shares of the Company).

Ordinary Resolution No. 7 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 in the Company as at the date of passing the resolution (subject to adjustment in case of subdivision and consolidation of shares of the Company).

In addition, subject to the passing of the Ordinary Resolutions Nos. 6 and 7, any shares bought-back by the Company under the Ordinary Resolution No. 7 will also be added to the mandate for issue of additional shares as set out in Ordinary Resolution No. 8 (subject to adjustment in case of subdivision and consolidation of shares of the Company).

LETTER FROM THE BOARD

The Board wishes to state that they have no immediate plans to issue any new shares of the Company 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, 7 and 8 will be proposed to re-elect the retiring Directors, to approve the proposed Share Subdivision, 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 2020 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 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.

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 in Hong Kong, will be appointed as scrutineer of the poll.

LETTER FROM THE BOARD

RECOMMENDATION

The Board considers that the Share Subdivision, 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

安全貨倉有限公司

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 Unit 1806, 18/F., Lu Plaza, 2 Wing Yip Street, Kwun Tong, Kowloon, Hong Kong on Friday, 14 August 2020 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 14 August 2020) 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 2020.
2. To declare a final dividend for the year ended 31 March 2020.
3. (a) To re-elect Mr. Lu Wing Yee, Wayne as an executive director of the Company.

(b) To re-elect Mr. Lam Ming Leung (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 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** subject to the fulfilment of all the conditions (the “Conditions”) set out in the section headed “Proposed Share Subdivision – Conditions of the Share Subdivision” in the circular of the Company dated 15 July 2020 (the “Circular”), a copy of which has been tabled at the Meeting marked “A” and initialed by the chairman of the Meeting for the purpose of identification:
- (a) with effect from the second Business Day (as such term is defined in the Circular) immediately following the date on which this resolution is passed, every one (1) share of the Company be subdivided into three (3) shares of the Company by way of converting every one (1) share of the Company into three (3) shares of the Company (each a “Subdivided Share”) and that all of the Subdivided Shares shall rank *pari passu* in all respects with each other; and
 - (b) the directors of the Company (the “directors”) and such person or persons authorised by the directors be and are hereby authorised to do all such acts, deeds and things and to sign and execute all such documents, including under seal where applicable, on behalf of the Company, as they shall, in their absolute discretion, consider necessary, desirable or expedient to implement and give effect to any or all of the foregoing.”
6. “**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).”

7. **“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.”
8. “**THAT** conditional upon the passing of Ordinary Resolutions Nos. 6 and 7 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. 6 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.7 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 2020

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 needs 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, 11 August 2020 to Friday, 14 August 2020, 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, 10 August 2020.
- (3) To ascertain the shareholders' entitlement to the proposed final dividend, the Register of Members will be closed from Monday, 24 August 2020 to Thursday, 27 August 2020, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the final 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, 21 August 2020.
- (4) Subject to approval by the shareholders at the Annual General Meeting of the Company, the final dividend will be paid on 11 September 2020 to every shareholder registered as a member on the Register of Members of the Company at the close of business on 27 August 2020.
- (5) With reference to item no. 3 in this Notice, Mr. Lu Wing Yee, Wayne and Mr. Lam Ming Leung 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 14 August 2020, 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 14 August 2020 instead.

The following are the biographical details of the two 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. Lu Wing Yee, Wayne, aged 46, was appointed as an Executive Director of the Company on 12 December 2008. He has joined the Group since July 2001. Prior to his appointment as Executive Director, he was the General Manager of the Group in charge of day-to-day operations of the Group. He has extensive experience in the field of accounting, auditing, financial management and operations control. Mr. Lu holds a master degree in business administration, a bachelor degree of science in business administration and a diploma in risk management. He is also a member of The American Institute of Certified Public Accountants. Mr. Lu had previously worked for audit firm, securities and brokerage firm and listed property company. Mr. Lu is a director and shareholder of Kian Nan Financial Limited, which is a substantial shareholder of the Company as defined in Part XV of the SFO. He is the son of Mr. Lu Sin, the late Chairman of the Company.

Save as disclosed above, Mr. Lu does not have any relationship with any other Directors, senior management, substantial or controlling shareholders of the Company and did not hold any directorship in other public companies listed on any securities market in Hong Kong or overseas in the last three years.

There is no service contract entered into between Mr. Lu and the Company and no fixed or proposed length of service with the Company. Mr. Lu is subject to retirement by rotation and re-election in accordance with the Articles of Association. The Director's fee payable to him shall be subject to review by the Board from time to time pursuant to the power given to it at the AGM. His other emolument is determined with reference to his duties and responsibilities and the Company's performance and profitability. From October 2011, Mr. Lu has voluntarily agreed suspension of payment of his salaries. For the year ended 31 March 2020, Mr. Lu received a Director's fee of HK\$37,700 per annum from the Company.

As at the Latest Practicable Date, Mr. Lu has personal interests of 9,410,420 shares, and corporate interests of 23,440 shares of the Company within the meaning of Part XV of the SFO. Mr. Lu is also deemed under the SFO to be interested in 4,400,000 shares of the Company as he was one of the executors of the estate of Mr. Lu Sin (deceased).

Mr. Lam Ming Leung, aged 68, has been an Independent Non-executive Director of the Company since 1 January 2004. Mr. Lam was a director and general manager of The National Commercial Bank Limited, Hong Kong Branch.

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

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

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

Mr. Lam 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, substantial or controlling shareholders of the Company. The Board is also not aware of any circumstance that might influence Mr. Lam 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. Lam 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. Lam and the Company and no fixed or proposed length of service with the Company. Mr. Lam is subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company. 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 the AGM. For the year ended 31 March 2020, Mr. Lam received a fixed remuneration of HK\$69,100 as director's fee per annum and additional fee of HK\$130,000 and HK\$64,900 as a member of Audit Committee and Remuneration and Nomination Committee, respectively.

As at the Latest Practicable Date, Mr. Lam had a personal interest of 10,000 shares of the Company 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 of the Company was 135,000,000 shares.

EXERCISE OF THE BUY-BACK MANDATE

Resolution No. 7 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 of the Company in issue as at the date of the AGM (subject to adjustment in case of subdivision and consolidation of shares of the Company) at any time until the end of the Relevant Period as defined in Resolution No. 7 set out in the AGM Notice.

Accordingly, exercise in full of the buy-back mandate (on the basis of 135,000,000 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 13,500,000 shares being bought-back by the Company during the Relevant Period (subject to adjustment in case of subdivision and consolidation of shares of the Company).

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 2020). 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 of the Company) 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>
2019		
July	15.980	14.700
August	14.503*	12.600
September	12.700	11.520
October	12.800	11.920
November	12.800	12.300
December	12.660	12.200
2020		
January	12.680	12.000
February	12.780	11.940
March	12.000	9.200
April	11.900	9.890
May	12.180	10.160
June	11.420	10.120
July (from 1 July up to Latest Practicable Date)	9.930	9.450

* Adjusted due to declaration of special dividend

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.