



Hang Chi Holdings Limited

恒智控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8405



2021  
Third Quarterly Report

## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the directors (the “Directors”) of Hang Chi Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*



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## Corporate Information

### Board of Directors

#### Executive Directors

Mr. Yik Tak Chi (*Chairman*)  
Mr. Chung Kin Man  
Ms. Chung Wai Man  
Mr. Lui Chi Tat

#### Non-executive Director

Mr. Lau Joseph Wan Pui

#### Independent non-executive Directors

Mr. Kwok Chi Shing  
Mr. Lau Tai Chim  
Mr. Wong Wai Ho

### Board Committees

#### Audit Committee

Mr. Kwok Chi Shing (*Chairman*)  
Mr. Lau Tai Chim  
Mr. Wong Wai Ho

#### Nomination Committee

Mr. Yik Tak Chi (*Chairman*)  
Mr. Lau Tai Chim  
Mr. Wong Wai Ho

#### Remuneration Committee

Mr. Lau Joseph Wan Pui (*Chairman*)  
Mr. Kwok Chi Shing  
Mr. Lau Tai Chim

### Company Secretary

Ms. Leung Pui Shan (*HKICPA*)

### Authorised Representatives

Mr. Chung Kin Man  
Ms. Leung Pui Shan

### Compliance Officer

Mr. Chung Kin Man

### Registered Office

Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

### Headquarters and Principal Place of Business in Hong Kong

Unit 09, 7/F., FTLife Tower  
No. 18 Sheung Yuet Road  
Kowloon Bay  
Kowloon  
Hong Kong

### Auditor

Ernst & Young  
*Certified Public Accountants*

### Principal Bankers

Hang Seng Bank Limited  
Wing Lung Bank Limited  
Bank of China (Hong Kong) Limited

## Corporate Information

### Principal Share Registrar and Transfer Office in the Cayman Islands

Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

### Branch Share Registrar and Transfer Office in Hong Kong

Boardroom Share Registrars (HK) Limited  
Room 2103B, 21/F.  
148 Electric Road  
North Point  
Hong Kong

### Stock Code

8405

### Company's Website

[www.shuionnc.com](http://www.shuionnc.com)

### Contact Information

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## Financial Highlights

	Nine months ended		
	30 September		
	2021	2020	Change %
	HK\$'000	HK\$'000	
	(unaudited)	(unaudited)	(approximate)
<b>Statement of profit or loss and other comprehensive income</b>			
Revenue	153,401	153,798	-0.26%
EBITDA	73,774	73,456	0.43%
Profit for the period	38,966	36,125	7.86%

## Management Discussion and Analysis

### Business Review and Outlook

The Company and its subsidiaries (collectively, the “Group”) are an established operator of elderly residential care homes in Hong Kong providing comprehensive residential care home services to the elderly residents including: (i) the provision of accommodation with dietician-managed meal plans, 24-hour nursing and caretaking assistance and professional services such as regular medical consultation, physiotherapy, occupational therapy, psychological and social care services; and (ii) the sale of healthcare and medical consumable products and the provision of customisable add-on healthcare services to the elderly residents. During the nine months ended 30 September 2021 (the “Reporting Period”), the Group derived its revenue from seven elderly residential care homes across different districts in Hong Kong, including four “Shui On 瑞安”, one “Shui Hing 瑞興”, one “Shui Jun 瑞臻” and one “Guardian Home 佳安家” branded elderly residential care homes.

The Directors are of the view that the enormous demand for residential care home services is the key driver for the growth of the elderly residential care home industry in Hong Kong. With the Group’s experienced management team and reputation in the market, the Group will consider expanding its network of elderly residential care homes in strategic locations in Hong Kong to serve more elderly residents as and when there are suitable opportunities.

In view of the recent outbreak of COVID-19 in Hong Kong, the Company has formed a crisis response team to monitor the situation of its residential care homes. The Group has launched a series of special measures to strengthen infection control, such as shortening the visiting time of the elderly residential care homes and preparing adequate reserve of health protection equipment for its employees and elderly residents. The crisis response team holds meetings regularly to review the adequacy of current measures. As at the date of this report, the outbreak of COVID-19 has not adversely affected the business and daily operation of the Group.

## Management Discussion and Analysis

### Operating Performance

#### Revenue

The breakdown of revenue by types of services provided by the Group for the Reporting Period and for the nine months ended 30 September 2020 are set out as follows:

	Nine months ended 30 September			
	2021		2020	
	Revenue HK\$'000	Percentage of segment revenue approximate%	Revenue HK\$'000	Percentage of segment revenue approximate%
<b>Rendering of elderly home care services</b>				
- residential care places leased by the Social Welfare Department (the "SWD") under the Enhanced Bought Place Scheme (the "EBPS")	29,241	19.06%	28,687	18.65%
- residential care places leased by the SWD under the Bought Place Scheme on Day Care Units (the "Day Care Services")	3,566	2.33%	1,645	1.07%
- residential care places leased by individual customers	80,893	52.73%	84,069	54.67%
- residential care places leased by non-governmental organisations	523	0.34%	663	0.43%
	114,223	74.46%	115,064	74.82%
<b>Sales of elderly related goods and provision of healthcare services</b>	39,178	25.54%	38,734	25.18%
<b>Total</b>	<b>153,401</b>	<b>100.00%</b>	<b>153,798</b>	<b>100.00%</b>

During the Reporting Period, the Group's revenue decreased from approximately HK\$153,798,000 for the same period last year to approximately HK\$153,401,000, representing an approximately 0.26% decrease.



## Management Discussion and Analysis

### Rendering of elderly home care services

The revenue from rendering of elderly home care services was derived from the provision of, among others, residence, nursing and caretaking services, health and medical services, rehabilitation services, meal preparation services and social care services in Hong Kong. The revenue decreased from approximately HK\$115,064,000 for the same period last year to approximately HK\$114,223,000 for the Reporting Period, representing an approximately 0.73% decrease.

- *Residential care places leased by the SWD under the EBPS*

During the Reporting Period, the revenue derived from the SWD, which leased a fixed number of residential care places at the Group's elderly residential care homes under the EBPS, increased from approximately HK\$28,687,000 for the same period last year to approximately HK\$29,241,000, representing an approximately 1.93% increase.

- *Residential care places leased by the SWD under the Day Care Services*

Two of the Group's elderly residential care homes under the EBPS have participated in the Day Care Services for elderly of the SWD. The Group has provided 40 day care units with a range of centre-based care and services for elderly since May 2020.

During the Reporting Period, the revenue derived from the SWD, which elder persons nominated and arranged by the SWD to receive the Day Care Services at the Group's elderly residential care homes under the Day Care Services increased from approximately HK\$1,645,000 for the same period last year to approximately HK\$3,566,000, representing an approximately 116.76% increase. The increment was mainly due to recognition of nine months revenue generated from Day Care Services during the Reporting Period, whereas only five months revenue was recognised for the same period last year.

- *Residential care places leased by individual customers*

The revenue derived from rendering of elderly home care services for individual customers, together with the unsubsidised portions paid by individual customers under the EBPS decreased from approximately HK\$84,069,000 for the same period last year to approximately HK\$80,893,000 for the Reporting Period, representing an approximately 3.78% decrease.

## Management Discussion and Analysis

- *Residential care places leased by non-governmental organisations*

The revenue derived from the non-governmental organisations which leased residential care places from the Group's elderly residential care homes decreased from approximately HK\$663,000 for the same period last year to approximately HK\$523,000 for the Reporting Period, representing an approximately 21.17% decrease. The decline in revenue was due to the reduction in referrals of customers from non-government organisation as a result of the epidemic.

### Sales of elderly related goods and provision of healthcare services

The revenue from sales of elderly related goods and provision of healthcare services was derived from the sales of adult nappies, nutritional milk, other medical consumable products, daily supplies and provision of additional healthcare services to the residents. The revenue increased from approximately HK\$38,734,000 for the same period last year to approximately HK\$39,178,000 for the Reporting Period, representing an approximately 1.15% increase.

### Average occupancy rates of the elderly residential care homes

The average occupancy rates of the Group's elderly residential care homes for the Reporting Period and the same period last year are set out as follows:

	Nine months ended 30 September	
	2021 approximate %	2020 approximate %
<b>Average occupancy rates</b>		
– elderly residential care homes under the EBPS	94.56%	93.02%
– non-EBPS elderly residential care homes	82.06%	88.17%

### Staff costs

Staff costs are the largest component of the operating expenses, which comprised of wages, salaries, bonuses, long service payments, retirement benefit costs and other allowances and benefits payable to employees. During the Reporting Period, since more staff have been employed for providing health and personal care services to service users of residential care homes who were admitted for quarantine, the amount of staff costs increased from approximately HK\$55,688,000 for the same period last year to approximately HK\$61,950,000 for the Reporting Period, representing an approximately 11.24% increase.

## Management Discussion and Analysis

### Property rental and related expenses

Property rental and related expenses mainly represented by the rental and ancillary office payments under operating leases related to the elderly residential care homes. The amount of property rental and related expenses increased from approximately HK\$12,809,000 for the same period last year to approximately HK\$13,934,000 for the Reporting Period, representing an approximately 8.78% increase. With the adoption of IFRS 16 Leases, the rental expenses were re-allocated between Property rental and related expenses, Depreciation and amortisation and Finance costs. The rental and related expenses payments for the elderly residential care homes and office amounted to approximately HK\$30,949,000 in total for the Reporting Period.

### Profit for the period

During the Reporting Period, the Group recorded a profit of approximately HK\$38,966,000 and approximately HK\$36,125,000 was noted for the same period last year. Such increase was attributable to the increment in other income generated from services fee income for the Group's provision of health and personal care services to service users of residential care homes who were admitted for quarantine during the Reporting Period.

### Human Resources and Remuneration Policy

As at 30 September 2021, the Group had 398 employees (30 September 2020: 374 employees). The Group offered competitive remuneration package, discretionary bonuses and social insurance benefits to its employees. In addition, a share option scheme (the "Share Option Scheme") and a share award scheme have been respectively adopted on 21 June 2017 and 6 November 2019 for, among others, the employees of the Group.

## Management Discussion and Analysis

### Proposed Transfer of Listing From Gem to the Main Board of Stock Exchange

On 16 June 2020, the Company submitted a formal application (the “Application”) to the Stock Exchange in respect of the proposed transfer of listing of the Shares from GEM to the Main Board of Stock Exchange of (i) all the Shares in issue; and (ii) any Shares which may be issued upon the exercise of any share options which may be granted under the Share Option Scheme, on the Main Board by way of transfer of listing pursuant to Chapter 9A of and Appendix 28 to the Rules Governing the Listing of Securities on the Stock Exchange and the relevant provisions of the GEM Listing Rules (the “Proposed Transfer of Listing”). The Proposed Transfer of Listing will not involve any issue of new Shares by the Company.

The renewal of the Application was submitted to the Stock Exchange on 3 February 2021 and has lapsed as six months or more had elapsed since the date of the submission for the renewal of the Application.

The Company has decided not to proceed with the Proposed Transfer of Listing. The Board believes that such decision has no material adverse impact on the financial or business operations of the Group.

For more details about the Proposed Transfer of Listing, please refer to the announcements of the Company dated 16 June 2020, 3 February 2021 and 3 August 2021, respectively.

## Other Information

### Corporate Governance Practices

The Company places high value on the corporate governance practice and the Board firmly believes that a good corporate governance practice can improve accountability and transparency for the benefit of the shareholders of the Company (the “Shareholders”).

During the Reporting Period, the Company has adopted and complied with, where applicable, the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rules.

### Code of Conduct of Directors’ Securities Transactions

The Company has adopted the required standard of dealings (the “Required Standard of Dealings”) as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. In response to the specific enquiry made by the Company, all Directors confirmed that they fully complied with the Required Standard of Dealings throughout the Reporting Period.

### Competing Business of Directors and Controlling Shareholders

For the Reporting Period, none of the Directors, controlling shareholders or substantial shareholders of the Company or any of their respective close associates (as defined under the GEM Listing Rules) are engaged in any business that competes or may complete, directly or indirectly, with the business of the Group or have any other conflicts of interest with the Group nor are they aware of any other conflicts of interest which any such persons has or may have with the Group.

## Other Information

### Share Option Scheme

Pursuant to the resolution passed by the Shareholders on 21 June 2017, the Company has adopted the Share Option Scheme which is valid and effective for a period of 10 years from 21 June 2017. The purpose of the Share Option Scheme is to provide incentives or rewards to the eligible persons for their contributions to the Group. Eligible person under the Share Option Scheme means any full-time or parttime employee of the Company or any member of the Group, including any executive Directors, non-executive Directors and independent non-executive Directors, suppliers, customers, agents, advisors and consultants of the Group who, in the sole opinion of the Board, will contribute or have contributed to the Group. The Board may, at its discretion, invite any of the aforesaid eligible persons to take up the options. There is no change to the terms of the Share Option Scheme since adoption.

The total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and other share option scheme is 40,000,000, representing 10% of the Shares in issue as at the date of this report.

No share option had been granted, exercised or cancelled by the Company under the Share Option Scheme since adoption and during the Reporting Period and there is no outstanding share option as at the date of this report.

## Other Information

### Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company Or Any Associated Corporation

As at 30 September 2021, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

#### Long Positions in the Shares

Name of Directors/ chief executive	Capacity/ Nature of interests	Number of Shares held/ interested in	Approximate percentage of shareholding <sup>(Note 1)</sup>
Mr. Yik Tak Chi ("Mr. Yik")	(i) Interest of controlled corporation <sup>(Note 2)</sup>	262,980,000	65.75%
	(ii) Beneficial owner <sup>(Note 2)</sup>		
Mr. Lui Chi Tat ("Mr. Lui")	(i) Interest of controlled corporation <sup>(Note 3)</sup>	36,032,000	9.01%
	(ii) Beneficial owner <sup>(Note 3)</sup>		
	(iii) Interest of spouse <sup>(Note 3)</sup>		
Mr. Chung Kin Man ("Mr. Chung")	Beneficial owner	40,000	0.01%
Ms. Chung Wai Man ("Ms. Chung")	Beneficial owner	20,000	0.005%

## Other Information

### Notes:

1. The approximate percentage of shareholding is calculated based on 400,000,000 Shares in issue as at 30 September 2021.
2. As at 30 September 2021, Mr. Yik was interested in 262,980,000 Shares, of which 248,700,000 Shares were held by Shui Wah Limited ("Shui Wah") and 14,280,000 Shares were directly held by him. Shui Wah was owned as to 89.11% by Lucky Expert Investments Limited ("Lucky Expert"), which was in turn owned as to 59.88% by Hang Chi Development & Investment Limited ("HCDI"). Mr. Yik indirectly owned the entire issued share capital of HCDI through Multifield Investment Development Limited ("Multifield"). By virtue of the SFO, Mr. Yik is deemed to be interested in the same number of shares in Lucky Expert held by HCDI, same number of shares in Shui Wah held by Lucky Expert, and all the Shares held by Shui Wah. Mr. Yik is the sole director of Shui Wah, Lucky Expert, HCDI and Multifield.
3. As at 30 September 2021, Mr. Lui was interested in 36,032,000 Shares, of which 15,300,000 Shares were held by Jumbo Sino Investment Limited ("Jumbo Sino"), a company incorporated in Hong Kong and wholly owned by Mr. Lui, 20,720,000 Shares were directly held by him and 12,000 Shares were held by his spouse. By virtue of the SFO, Mr. Lui is deemed to be interested in all the Shares held by Jumbo Sino and his spouse. Mr. Lui is the sole director of Jumbo Sino.



## Other Information

Long Positions in the ordinary shares of associated corporation

Name of Directors/ chief executive	Name of associated corporation	Capacity/ Nature of interests	Number of shares held/ interested in	Percentage of shareholding
Mr. Yik	Multifield	Beneficial owner <sup>(Note)</sup>	1	100.00%
	HCDI	Interest of controlled corporation <sup>(Note)</sup>	20,000	100.00%
	Lucky Expert	Interest of controlled corporation <sup>(Note)</sup>	5,988	59.88%
	Shui Wah	Interest of controlled corporation <sup>(Note)</sup>	8,911	89.11%
Mr. Chung	Lucky Expert	Beneficial owner	493	4.93%
Ms. Chung	Lucky Expert	Beneficial owner	602	6.02%
Mr. Lui	Jumbo Sino	Beneficial owner	3	100.00%

Note:

As at 30 September 2021, the Company was owned as to approximately 62.18% by Shui Wah. Shui Wah was owned as to 89.11% by Lucky Expert, which was in turn owned as to 59.88% by HCDI. Mr. Yik indirectly owned the entire issued share capital of HCDI through Multifield. By virtue of the SFO, Mr. Yik is deemed to be interested in the same number of shares in Lucky Expert held by HCDI, same number of shares in Shui Wah held by Lucky Expert and all the Shares held by Shui Wah. Accordingly, Multifield, HCDI, Lucky Expert and Shui Wah are associated corporations of the Company.

Save as disclosed above, as at 30 September 2021, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which was required to be notified the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or otherwise to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

## Other Information

**Substantial Shareholders' Interest and Short Positions in Shares and Underlying Shares**

As at 30 September 2021, as far as known to the Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had the interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

## Long Positions in the Shares

Name of Shareholders	Capacity/ Nature of interests	Number of Shares held/ interested in	Approximate percentage of shareholding <sup>(Note 1)</sup>
Shui Wah	Beneficial owner <sup>(Note 2)</sup>	248,700,000	62.18%
Lucky Expert	Interest in controlled corporation <sup>(Note 2)</sup>	248,700,000	62.18%
Multifield	(i) Interest in controlled corporation <sup>(Note 2)</sup> (ii) Interest held jointly with other person <sup>(Note 3)</sup>	262,980,000	65.75%
HCDI	(i) Interest in controlled corporation <sup>(Note 2)</sup> (ii) Interest held jointly with other person <sup>(Note 3)</sup>	262,980,000	65.75%
Ms. Yik Wai Hang ("Ms. WH Yik")	Interest held jointly with other person <sup>(Note 3)</sup>	262,980,000	65.75%
Ms. Chung Shuk Man	Interest of spouse <sup>(Note 4)</sup>	262,980,000	65.75%
Yingfeng International Investment Limited (盈豐國際投資有限公司) ("Yingfeng International")	Beneficial owner <sup>(Note 5 &amp; 6)</sup>	32,000,000	8.00%
Rupei Industrial (Shanghai) Co., Ltd.* (芮沛實業(上海)有限公司) ("Rupei")	Interest in controlled corporation <sup>(Notes 5 &amp; 6)</sup>	32,000,000	8.00%

## Other Information

Name of Shareholders	Capacity/ Nature of interests	Number of Shares held/ interested in	Approximate percentage of shareholding <sup>(Note 1)</sup>
Zhongchuang Investment (Holdings) Limited (眾創投資(控股)有限公司) (“Zhongchuang”)	Interest in controlled corporation <sup>(Notes 5 &amp; 6)</sup>	32,000,000	8.00%
China Minsheng Futurelife Holding Group Co., Ltd.* (中民未來控股集團有限公司) (“CMIG Futurelife”)	Interest in controlled corporation <sup>(Notes 5 &amp; 6)</sup>	32,000,000	8.00%
China Minsheng Investment Group Co., Ltd.* (中國民生投資股份有限公司) (“CMIG”)	Interest in controlled corporation <sup>(Notes 5 &amp; 6)</sup>	32,000,000	8.00%

\* For identification purposes only

## Notes:

- The approximate percentage of shareholding is calculated based on 400,000,000 Shares in issue as at 30 September 2021.
- As at 30 September 2021, Shui Wah held 248,700,000 Shares. Shui Wah was owned as to 89.11% by Lucky Expert, which was in turn owned as to 59.88% by HCDI. Mr. Yik indirectly owned the entire issued share capital of HCDI through Multifield. By virtue of the SFO, each of Mr. Yik, Multifield, HCDI and Lucky Expert is deemed to be interested in all the Shares held by Shui Wah.
- On 13 December 2016, Mr. Yik, Multifield, HCDI and Ms. WH Yik entered into an acting in concert agreement (the “Acting In Concert Agreement”) to acknowledge and confirm, among other things, that they are parties acting in concert (having the meaning as ascribed thereto in The Codes on Takeovers and Mergers and Share Buy-backs) in respect of each of the members of the Group from the date of which both Mr. Yik and Ms. WH Yik became the shareholders of Shui On Nursing Home Holdings Limited (i.e. 31 July 2013) and will continue to be parties acting in concert until such arrangement is terminated in writing by them pursuant to the Acting In Concert Agreement. As such, they are deemed to be interested in the Shares held by the others.

## Other Information

As disclosed above, as at 30 September 2021, Mr. Yik was interested in 262,980,000 Shares. Accordingly, by virtue of the Acting in Concert Agreement, Mr. Yik, Multifield, HCDCI and Ms. WH Yik together controlled approximately 65.75% of the issued share capital of the Company.

4. Ms. Chung Shuk Man is the spouse of Mr. Yik. By virtue of the SFO, Ms. Chung Shuk Man is deemed to be interested in all the Shares in which Mr. Yik is interested.
5. As disclosed in the Prospectus, on 21 June 2017, Yingfeng International, as cornerstone investor, entered into a cornerstone investment agreement with, among others, the Company, pursuant to which Yingfeng International subscribed for a total number of 32,000,000 Shares.
6. Yingfeng International is a company incorporated under the laws of British Virgin Islands. To the best of the Directors' knowledge, information and belief, after making all reasonable enquiries, Yingfeng International is wholly-owned by Zhongchuang, a company incorporated in Hong Kong. Zhongchuang is wholly owned by Ruipei, which is in turn wholly owned by CMIG Futurelife. CMIG Futurelife is held as to 65% by CMIG and 35% by an independent third party. Each of Ruipei, CMIG Futurelife and CMIG is established under the laws of the People's Republic of China.

Save as disclosed above, as at 30 September 2021, the Directors were not aware of any persons (other than the Directors and chief executive of the Company) who had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

### Arrangements to Acquire Shares and Debentures

Other than the Share Option Scheme and as disclosed under the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation" above, at no time during the Reporting Period, was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) or to acquire benefits by means of acquisitions of shares in, or debentures of, the Company or any other body corporate.

### Purchase, Sale or Redemption of Listed Securities of the Company

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

## Other Information

### Potential Relocation of Shui Jun Nursing Centre (Yau Tong) Company Limited

During preparation of the Proposed Transfer of Listing, the Company identified that (i) the use of properties (the “Yau Tong Properties”) by Shui Jun Nursing Centre (Yau Tong) Company Limited (“Shui Jun (Yau Tong)”) for the operation of an elderly residential care home is inconsistent with the user stated in the deed of mutual covenants and occupation permits, which also constitutes a breach of the government lease; and (ii) Shui Jun (Yau Tong) or the relevant landlords failed to serve a notice under Section 25 of the Buildings Ordinance (Cap. 123 of the Laws of Hong Kong) to the Building Authority about the intended change of user of the Yau Tong Properties.

As at the date of this report, no warning letters from the Lands Department were received nor any inspection/fines/prosecution action had been taken by the Hong Kong Government or any competent authorities with respect to the said incident. As advised by the legal counsel, (a) the failure to issue the Section 25 notice to the Building Authority for change of land use took place before the 12-month prosecution time bar under section 40(8) of the Buildings Ordinance; and (b) the risk of enforcement action by the Lands Department in the form of re-entry is remote because Shui Jun (Yau Tong) has not received any warning letter from the Lands Department regarding misuse of the Yau Tong Properties.

The Company has prepared a relocation plan and has been trying to locate a suitable property for relocation of Shui Jun (Yau Tong). In the event the Company could not find a suitable property, the Company will consider other necessary actions to minimise the impact of the said incident to the Group.

### Interim Dividends

The Board has resolved to pay an interim dividend of HK8.00 cents per share in respect of the year ending 31 December 2021. The interim dividend of HK8.00 cents per share will be paid to shareholders whose names appear in the Company’s register of members at the close of business on Monday, 22 November 2021.

## Other Information

### Closure of Register of Members

For the purposes of determining the Shareholders' entitlement to the interim dividend, the register of members of the Company will be closed from Tuesday, 23 November 2021 to Wednesday, 24 November 2021, both days inclusive, during which period no share transfer will be effected. The record date will be Wednesday, 24 November 2021. In order to qualify for the entitlement of the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong no later than 4:30 p.m. on Monday, 22 November 2021. The interim dividend will be payable on Tuesday, 7 December 2021.

### Audit Committee and Review of the Third Quarterly Results

Pursuant to Rule 5.28 of the GEM Listing Rules, the Company has established an audit committee (the "Audit Committee") with written terms of reference aligned with the CG Code. The Audit Committee comprises three independent non-executive Directors, namely Mr. Kwok Chi Shing, Mr. Lau Tai Chim and Mr. Wong Wai Ho. The main role and functions of the Audit Committee is to assist the Board in fulfilling its audit duties through the review and supervision of the Company's financial reporting, risk management and internal control systems.

The Audit Committee has discussed with the management and the independent auditor of the Company and reviewed the unaudited results for the Reporting Period and the unaudited condensed consolidated financial statements of the Group for the Reporting Period, which is of the opinion that such statements have complied with the applicable accounting standards and that adequate disclosure has been made in respect thereof.

By order of the Board  
**Hang Chi Holdings Limited**  
**Yik Tak Chi**  
*Chairman*

Hong Kong, 8 November 2021

*As at the date of this report, the executive Directors are Mr. YIK Tak Chi, Mr. LUI Chi Tat, Mr. CHUNG Kin Man and Ms. CHUNG Wai Man, the non-executive Director is Mr. LAU Joseph Wan Pui and the independent non-executive Directors are Mr. WONG Wai Ho, Mr. LAU Tai Chim and Mr. KWOK Chi Shing.*

## Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the nine months ended 30 September 2021

The Board hereby presents the unaudited condensed consolidated results of the Group, for the nine months ended 30 September 2021 together with the unaudited comparative figures for the corresponding periods in 2020, as follows:

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>REVENUE</b>	4	<b>51,370</b>	52,630	<b>153,401</b>	153,798
Other income	4	9,194	9,465	22,050	16,199
Staff costs		(21,165)	(18,511)	(61,950)	(55,688)
Property rental and related expenses		(4,590)	(4,211)	(13,934)	(12,809)
Depreciation and amortisation		(8,265)	(8,859)	(24,059)	(26,758)
Food		(1,420)	(1,372)	(4,213)	(4,164)
Medical fees		(3,313)	(2,816)	(8,427)	(7,514)
Professional and legal fees		(424)	(1,580)	(3,996)	(5,804)
Utility expenses		(1,339)	(1,240)	(3,135)	(2,850)
Consumables		(523)	(501)	(1,433)	(1,368)
Other operating expenses		(1,469)	(1,977)	(4,589)	(6,344)
Finance costs	5	(966)	(1,081)	(2,795)	(3,335)
<b>PROFIT BEFORE TAX</b>	6	<b>17,090</b>	19,947	<b>46,920</b>	43,363
Income tax expenses	7	(2,854)	(3,176)	(7,954)	(7,238)
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>14,236</b>	16,771	<b>38,966</b>	36,125
Attributable to:					
Owners of the parent		12,989	14,646	35,107	31,545
Non-controlling interests		1,247	2,125	3,859	4,580
		<b>14,236</b>	16,771	<b>38,966</b>	36,125
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>					
– Basic and diluted (HK cents)	9	<b>3.25</b>	3.66	<b>8.78</b>	7.89

Details of the dividends during the reporting period are disclosed in note 8 to the unaudited condensed consolidated financial statements.

## Unaudited Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 September 2021

	Attributable to owners of the parent					Total	Non-controlling interests	Total equity
	Issued capital	Share premium	Merger reserve	Other reserve	Retained profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 December 2020 and 1 January 2021 (audited)	4,000	109,298	5	(10,840)	83,066	185,529	10,701	196,230
Profit and total comprehensive income for the period	-	-	-	-	35,107	35,107	3,859	38,966
Final/interim dividend declared	-	-	-	-	(32,000)	(32,000)	(5,279)	(37,279)
At 30 September 2021 (unaudited)	4,000	109,298	5	(10,840)	86,173	188,636	9,281	197,917

For the nine months ended 30 September 2020

	Attributable to owners of the parent					Total	Non-controlling interests	Total equity
	Issued capital	Share premium	Merger reserve	Other reserve	Retained profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 December 2019 and 1 January 2020 (audited)	4,000	109,298	5	(10,840)	60,884	163,347	9,680	173,027
Profit and total comprehensive income for the period	-	-	-	-	31,545	31,545	4,580	36,125
Final/interim dividend declared	-	-	-	-	(24,000)	(24,000)	(5,681)	(29,681)
At 30 September 2020 (unaudited)	4,000	109,298	5	(10,840)	68,429	170,892	8,579	179,471

Other Information

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Unaudited Condensed Consolidated Statement of Changes in Equity



## Notes to Unaudited Condensed Consolidated Financial Statements

For the nine months ended 30 September 2021

### 1. Corporate Information

Hang Chi Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at the office of Conyers Trust Company (Cayman) Limited, with the registered address of Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. In the opinion of the directors, the holding company of the Company is Shui Wah Limited (“Shui Wah”), which was incorporated in the British Virgin Islands (“BVI”). The Company’s ultimate holding company is Multifield Investment Development Limited, a company incorporated in BVI with limited liability on 8 January 2010, which is wholly owned by Mr. Yik Tak Chi.

During the period, the Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in the operation of elderly residential care homes in Hong Kong.

### 2.1 Basis of Preparation

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2021 have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*.

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2020.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

## Notes to Unaudited Condensed Consolidated Financial Statements

For the nine months ended 30 September 2021

### 2.2 New Standards, Interpretations and Amendments Adopted by the Group

The accounting policies adopted in the preparation of the unaudited condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendments to IFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

The directors of the Company considered that the application of the revised IFRSs and IAS do not have material impact on the Group's unaudited consolidated financial results.

### 3. Operating Segment Information

For management purposes, the Group has only one reportable operating segment, which is the operation of residential care homes. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

#### Geographical information

Geographical information is not presented since all of the Group's revenue from external customers is generated in Hong Kong and all of the non-current assets of the Group are located in Hong Kong. The non-current asset information is based on the locations of assets and excludes financial instruments and deferred tax assets.

#### Information about a major customer

Revenue of approximately HK\$32,807,000 for the nine months ended 30 September 2021 (nine months ended 30 September 2020: HK\$30,332,000), which amounted to more than 10% of the Group's revenue, was derived from the Hong Kong Government under the Enhanced Bought Place Scheme and the Bought Place Scheme on Day Care Units.

## Notes to Unaudited Condensed Consolidated Financial Statements

For the nine months ended 30 September 2021

### 4. Revenue and Other Income

An analysis of revenue is as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>Revenue from contracts with customers</b>				
Rendering of elderly home care services	37,716	39,041	114,223	115,064
Sales of elderly related goods and provision of healthcare services	13,654	13,589	39,178	38,734
	<b>51,370</b>	<b>52,630</b>	<b>153,401</b>	<b>153,798</b>

Revenue from contracts with customers

(i) *Disaggregated revenue information*

	Three months ended 30 September		Nine months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>Timing of revenue recognition</b>				
Services transferred over time	44,026	45,514	131,019	132,510
Goods transferred at a point in time	7,344	7,116	22,382	21,288
<b>Total revenue from contracts with customers</b>	<b>51,370</b>	<b>52,630</b>	<b>153,401</b>	<b>153,798</b>

## Notes to Unaudited Condensed Consolidated Financial Statements

For the nine months ended 30 September 2021

### 4. Revenue and Other Income (Continued)

Revenue from contracts with customers (Continued)

#### (i) Disaggregated revenue information (Continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	Three months ended 30 September		Nine months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>Revenue recognised that was included in contract liabilities at the beginning of the reporting period:</b>				
Rendering of elderly home care services	359	263	445	192
Sale of elderly related goods and provision of healthcare services	58	87	72	61
	<b>417</b>	<b>350</b>	<b>517</b>	<b>253</b>

## Notes to Unaudited Condensed Consolidated Financial Statements

For the nine months ended 30 September 2021

### 4. Revenue and Other Income (Continued)

Revenue from contracts with customers (Continued)

#### (ii) Performance obligations

Information about the Group's performance obligations is summarised below:

##### *Rendering of services*

The performance obligation is satisfied over time as services are rendered and advance payments are normally required for home care services and certain healthcare services. For other healthcare services, payment is generally due within 30 days.

##### *Sale of goods*

The performance obligation is satisfied upon delivery of the goods and advance payments are generally required. For other goods where advance payment is not required, payment is generally due within 30 days from delivery.

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 September 2021 and 2020 are as follows:

	<b>As at 30 September 2021 HK\$'000 (unaudited)</b>	As at 30 September 2020 HK\$'000 (unaudited)
Within one year	<b>418</b>	512

## Notes to Unaudited Condensed Consolidated Financial Statements

For the nine months ended 30 September 2021

### 4. Revenue and Other Income (Continued)

An analysis of other income is as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>Other income</b>				
Government grants	8,100	8,568	19,206	13,240
Sundry income	7	148	64	500
Rental income	593	694	2,022	1,956
Bank interest income	3	13	19	280
Others	491	42	739	223
	<b>9,194</b>	<b>9,465</b>	<b>22,050</b>	<b>16,199</b>

### 5. Finance Costs

An analysis of finance costs is as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Interest on lease liabilities	966	1,081	2,795	3,335

## Notes to Unaudited Condensed Consolidated Financial Statements

For the nine months ended 30 September 2021

### 6. Profit Before Tax

The Group's profit before tax is arrived at after charging/(crediting):

	Three months ended 30 September		Nine months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Cost of inventories sold	3,338	3,211	9,764	9,071
Depreciation of property, plant and equipment	511	897	1,280	2,509
Depreciation of right-of-use assets	6,864	6,754	20,112	20,034
Amortisation of intangible assets	890	1,208	2,667	4,215
Auditors' remuneration	–	607	800	1,407
Employee benefit expense including Directors' and chief executive's remuneration:				
– Wages and salaries	19,846	17,801	58,140	53,563
– Pension scheme contributions	605	534	1,769	1,579
	20,451	18,335	59,909	55,142
Bank interest income*	(3)	(13)	(19)	(280)
Government grants*	(8,100)	(8,568)	(19,206)	(13,240)

\* Included in "Other income" in the unaudited condensed consolidated statement of profit or loss and other comprehensive income.

## Notes to Unaudited Condensed Consolidated Financial Statements

For the nine months ended 30 September 2021

### 7. Income Tax Expenses

Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax in the Cayman Islands and BVI.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the reporting period (nine months ended 30 September 2020: 16.5%), except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (nine months ended 30 September 2020: HK\$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% (nine months ended 30 September 2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (nine months ended 30 September 2020: 16.5%).

	Three months ended 30 September		Nine months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Current – Hong Kong				
Charge for the period	3,001	3,375	8,394	7,933
Deferred tax	(147)	(199)	(440)	(695)
Total tax charge for the period	2,854	3,176	7,954	7,238



## Notes to Unaudited Condensed Consolidated Financial Statements

For the nine months ended 30 September 2021

### 8. Dividends

	Three months ended 30 September		Nine months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Final – HK8.00 cents (nine months ended 30 September 2020: HK6.00 cents) per ordinary share	–	–	32,000	24,000

The board of directors of the Company has resolved to pay an interim dividend of HK8.00 cents per share for the nine months ended 30 September 2021.

The distribution amounts set out in the interim condensed consolidated statements of changes in equity of HK\$5,279,000 for the nine months ended 30 September 2021 represented the dividends declared by Shui On Nursing Centre (Kwai Shing E.) Co. Limited and Guardian Home Limited, non-wholly-owned subsidiaries of the Company, to their non-controlling shareholders.

The distribution amounts set out in the unaudited condensed consolidated statements of changes in equity of HK\$5,681,000 for the nine months ended 30 September 2020 represented the dividends declared by Shui On Nursing Centre (Kwai Shing E.) Co. Limited and Guardian Home Limited, non-wholly-owned subsidiaries of the Company, to their non-controlling shareholders.

## Notes to Unaudited Condensed Consolidated Financial Statements

For the nine months ended 30 September 2021

### 9. Earnings Per Share Attributable to Ordinary Equity Holders of the Parent

The calculation of the basic earnings per share amount is based on the profit for the nine months ended 30 September 2021 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 400,000,000 (nine months ended 30 September 2020: 400,000,000) in issue during the period, as adjusted to reflect the rights issue during the period.

The calculation of basic earnings per share is based on:

	Three months ended 30 September		Nine months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>Earnings</b>				
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	12,989	14,646	35,107	31,545
<b>Shares</b>				
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	400,000,000	400,000,000	400,000,000	400,000,000

No adjustment has been made to the basic earnings per share amounts presented for the nine months ended 30 September 2021 and 2020 as the Group had no potentially dilutive ordinary shares in issue during these periods.

## Notes to Unaudited Condensed Consolidated Financial Statements

For the nine months ended 30 September 2021

### 10. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 8 November 2021.