Kato (Hong Kong) Holdings Limited
嘉濤(香港)控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 2189

優質服務　敬老樂業

2026
ANNUAL REPORT

以人為本　全身投入

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ngai Ka Yee
Ngai Shi Shing Godfrey *(Chairman and Chief Executive Officer)*
Lau Kwok Wo

Independent non-executive Directors

Or Kevin
Wu Wing Fong
Wong Chun Kit

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

1st Floor Tung Wai Court
No. 3 Tsing Ling Path
Tuen Mun
New Territories
Hong Kong

COMPANY WEBSITE

www.katoelderly.com

COMPANY SECRETARY

Kwok Chi Kan *(HKICPA)*

AUTHORISED REPRESENTATIVES

Ngai Shi Shing Godfrey
Kwok Chi Kan *(HKICPA)*

BOARD COMMITTEES

Audit Committee

Or Kevin *(Chairman)*
Wu Wing Fong
Wong Chun Kit

Remuneration Committee

Or Kevin *(Chairman)*
Ngai Shi Shing Godfrey
Wu Wing Fong

Nomination Committee

Wu Wing Fong *(Chairlady)*
Ngai Shi Shing Godfrey
Or Kevin

Corporate Information

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR

Union Registrars Limited
Suites 3301–04, 33/F
Two Chinachem Exchange Square
338 King's Road, North Point
Hong Kong

LEGAL ADVISER AS TO HONG KONG LAWS

Loeb & Loeb LLP
2206–19 Jardine House
1 Connaught Place
Central
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F Prince's Building
Central
Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
Shanghai Commercial Bank Limited

Chairman's Statement

Chairman's Statement

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Kato (Hong Kong) Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**"), I am pleased to present the annual report of the Group for the year ended 31 March 2026 (the "**Year**").

OVERVIEW

The Group is an established operator of residential care homes for the elderly (the "**RCHE(s)**"), offering a comprehensive range of residential care services for the elderly including (i) the provision of accommodation, professional nursing and care-taking services, nutritional management, medical services, physiotherapy and occupational therapy services, psychological and social care services, individualised care plans and recreational activities; and (ii) the sale of healthcare and medical products and the provision of supplementary healthcare services to residents.

As at 31 March 2026, the Group operated a network of thirteen (2025: eleven) care and attention homes for the elderly, providing a total of 1,930 (2025: 1,378) residential care places. The facilities are strategically located across six districts in Hong Kong and the People's Republic of China (the "**PRC**"). In November 2025, the second phase of the care and attention home in Lam Tin commenced operations, providing an additional 146 residential care places. In addition, two newly established care and attention homes comprising an aggregate of 178 residential care places located in Tsuen Wan and Zhaoqing, the PRC, commenced operations in August 2025 and March 2026 respectively.

In 2024, the Group was admitted as a Recognised Service Provider under the Residential Care Services Scheme in Guangdong ("**GDRCS Scheme**") and commenced the provision of subsidised care and attention places for the eligible elderly participants. The GDRCS Scheme offers elderly individuals on the Central Waiting List for subsidised care and attention places an alternative option to reside in designated residential care homes in Guangdong. As at 31 March 2026, the Group operated two residential care homes for the elderly under the GDRCS Scheme, situated in Shenzhen and Foshan respectively.

FINANCIAL PERFORMANCE

The Group recorded revenue of approximately HK$353.8 million for the Year (year ended 31 March 2025 (the "**Previous Year**"): HK$317.1 million), representing a year-on-year increase of approximately 11.6%. Profit for the year increased by approximately 59.7% to approximately HK$33.7 million (Previous Year: HK$21.1 million). The increase in profit was primarily attributable to (i) the commencement of operations of two care and attention homes in Lam Tin in June 2024 and September 2024 respectively, both of which contributed a full-year operations during the Year; and (ii) a decrease in fair value loss on investment properties of HK$10.7 million.

Chairman's Statement

PROSPECTS

Looking ahead, the Group remains encouraged by the long-term prospects of the elderly care sector in Hong Kong. As the population continues to age, the demand for quality residential care homes and related elderly services is expected to remain strong over time. The Government has continued to place emphasis on supporting the ageing population and enhancing elderly care services, which provides a supportive backdrop for the sector's steady development. Our principal business objectives are to strengthen our established market position within the private RCHE sector in Hong Kong and to further enhance our presence in the care and attention homes segment. As reflected in the Company's motto, "Quality Service; Respecting and Positive; People-oriented; and Full Dedication (優質服務，敬老樂業，以人為本，全身投入)", we are committed to delivering high-quality residential care home services to our residents. In pursuit of continuous service excellence, we have implemented standardised management and operational procedures, together with robust quality control measures, across our network of care and attention homes. During the Year, to support the advancement and implementation of gerontechnology across our elderly care homes, pilot programs were conducted for resident monitoring systems, including fall detection alarms and anti-wandering solutions. These initiatives are intended to enhance on-site safety and enable our staff to deliver timely and effective care.

Leveraging the Group's experienced management team and established market reputation, the Group will continue to pursue strategic expansion of our RCHE network, with a view to serving a broader elderly population when suitable opportunities arise.

In light of the increased supply of properties in the market and the significant decline in property prices, the Group completed the acquisition of four pieces of lands in Yuen Long in July 2021 for the development of a new care and attention home. The facility is expected to provide approximately 250 residential care places and is anticipated to commence operations in 2029.

During the Year, the Group further expanded its footprint by establishing its first care and attention home in Zhaoqing, the PRC, which commenced operations in March 2026 and provides a total of 228 residential care places. This milestone marks an important step in the Group's business development strategy and broadens the Group's service network beyond Hong Kong, enabling it to capture opportunities arising from the growing demand for elderly care services in the Greater Bay Area.

The Group will continue to uphold its commitment to delivering safe, professional and compassionate care services to residents, while strengthening its operational capabilities and pursuing prudent expansion opportunities in line with market demand. With an ageing population, increasing awareness of elderly care needs and supportive policy development, the Group believes it is well positioned to benefit from the favourable industry outlook and to create long-term value for shareholders.

APPRECIATION

Our continued success is underpinned by the unwavering commitment, dedication and professionalism of our staff. On behalf of the Board, I would like to extend our sincere gratitude to all frontline healthcare workers for their tireless work and exemplary professionalism in caring for residents. The Board also wish to express its appreciation to every member of our staff for their diligence and dedication. In addition, we extend our heartfelt thanks to our shareholders, business partners, clients and suppliers for their continued trust and invaluable support.

Ngai Shi Shing Godfrey
Chairman and Executive Director

Hong Kong, 29 June 2026

Management Discussion and Analysis

BUSINESS REVIEW

Elderly home care services

Kato (Hong Kong) Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") is an established operator of residential care homes for the elderly (the "**RCHE(s)**") in Hong Kong offering a comprehensive range of residential care services for the elderly, including (i) the provision of accommodation, professional nursing and care-taking services, nutritional management, medical services, physiotherapy and occupational therapy services, psychological and social care services, individual care plans and recreational services; and (ii) the sale of healthcare and medical goods and the provision of add-on healthcare services to the residents.

As at 31 March 2026 and 2025, the Group operated a network of thirteen (2025: eleven) care and attention homes for the elderly, providing a total of 1,930 (2025: 1,378) residential care places which strategically located across six (2025: six) districts in Hong Kong and the People's Republic of China (the "**PRC**"). The Group's care and attention homes operate under the brand names of "Fai To 輝濤", "Kato 嘉濤", "Happy Luck Home", "Tsuen Wan Centre", "Pine Villa", "Ka Shui Garden 嘉瑞園", "Hing Tin Elderly Centre", "Ka Shing" and "Duanzhou Elderly Centre".

The Group's customers primarily consisted of two categories, namely (i) the Social Welfare Department (the "**SWD**"), with which the Group entered into contractual arrangements whereby the SWD either purchased residential care places under the Enhanced Bought Place Scheme ("**EBPS**") or subsidised residential care places pursuant to awarded tenders for the operation of Contract Homes; and (ii) individual customers who bore their own residential care fees, including those receiving subsidies from the SWD under the Residential Care Service Voucher Scheme for the Elderly, as well as those subsidised under the EBPS who were responsible for settling the unsubsidised portion of the fees.

The following table sets forth a summary of the basic information of the Group's RCHEs as at 31 March 2026:

	Location	Year of commencement of operations by the Group	Number of residential care places (excluding isolated beds): Under the EBPS and Contract Home	For individual customers not under the EBPS and Contract Home	Total	Classification under the EBPS
Hong Kong						
Kato Home for the Elderly ("**Kato Elderly Home**")	Tuen Mun	1999	126	54	180	EA1[1]
Kato Home for the Aged	Tuen Mun	1998	86	17	103	EA1[1]
Fai-To Home for the Aged (On Lai) Branch ("**Fai To Home (On Lai)**")	Tuen Mun	1997	28	19	47	EA1[1]
Fai To Home for the Aged (Tuen Mun) Branch ("**Fai To Home (Tuen Mun)**")	Tuen Mun	1995	47	29	76	EA1[2]
Fai To Sino West Combined Home for the Aged ("**Fai To Sino West Home**")	To Kwa Wan	2000	148	146	294	EA1[1]
Happy Luck Elderly Home Limited ("**Happy Luck Home**")	Tsuen Wan	2015	75	71	146	EA1[1]
Tsuen Wan Elderly Centre Limited ("**Tsuen Wan Centre**")	Tsuen Wan	2008	79	71	150	EA1[1]
Pine Villa	Tseung Kwan O	2013	N/A	90	90	N/A
Ka Shui Garden Nursing Home for the Elderly ("**KSG (SSP)**")	Sham Shui Po	2023	80	20	100	N/A
Hing Tin Elderly Centre ("**Hing Tin Centre**")	Lam Tin	2024	N/A	222	222	N/A
Ka Shui Garden Nursing Home for the Elderly (Tak Tin) ("**KSG (TT)**")	Lam Tin	2024	42	60	102	N/A
Ka Shing Home for the Elderly ("**Ka Shing**")	Tsuen Wan	2025	N/A	192	192	N/A
			711	991	1,702	

Management Discussion and Analysis

	Location	Year of commencement of operations by the Group	Number of residential care places (excluding isolated beds) — Under the EBPS and Contract Home	For individual customers not under the EBPS and Contract Home	Total	Classification under the EBPS
The PRC						
Duanzhou Integrated Elderly Service Centre ("**Duanzhou Elderly Centre**")	Zhaoqing	2026	N/A	228	228	N/A
			711	1,219	1,930	

Notes:

1. Being one of the two categories under the EBPS, EA1 homes are subject to stringent requirements in terms of staffing level and per capita net floor area compared to EA2 homes. In accordance with EBPS requirements, an EA1 home with 40 residential care places must maintain a staffing level of 21.5, calculated on the basis of eight working hours per staff per day including relief staff. The prescribed per capita net floor area is 9.5 m^2.

2. Fai To Home (Tuen Mun) upgraded to EA1 in May 2025.

The following table sets forth the average monthly occupancy rate of each respective care and attention homes as at 31 March 2026 and 2025:

	Average monthly occupancy rate(Note) as at 31 March 2026 %	2025 %
Kato Elderly Home	**98.4**	97.5
Kato Home for the Aged	**99.2**	90.0
Fai To Home (On Lai)	**97.0**	91.5
Fai To Home (Tuen Mun)	**94.0**	83.8
Fai To Sino West Home	**98.4**	94.5
Happy Luck Home	**94.4**	92.9
Tsuen Wan Centre	**93.1**	84.2
Pine Villa	**98.1**	98.7
KSG (SSP)	**97.8**	90.3
Hing Tin Centre	**58.0**	74.5
KSG (TT)	**94.5**	96.4
Ka Shing	**23.2**	N/A
Duanzhou Elderly Centre	**11.4**	N/A
Overall	**86.5**	91.5

Note:

The monthly occupancy rate is calculated by dividing the number of occupied beds as at the end of each month by the total number of available beds across care and attention homes as at the corresponding month end. The average monthly occupancy rate for the year is calculated by dividing the sum of the monthly occupancy rates by the total number of months in the relevant year.

Management Discussion and Analysis

Community care and day care services for the elderly

(i) Home-based and centre-based services

Since May 2020, the Group has expanded its service scope to community care by offering home-based services under the pilot scheme on Community Care Service Voucher (the "**CCSV**") for the elderly launched by the SWD. This initiative is designed to support families requiring home care services by alleviating their financial and caregiving burdens. Services provided include hospital outpatient and discharge escort, caregiver training, home safety assessments, physiotherapy, nursing support, etc among others.

As at 31 March 2026 and 2025, Fai To Sino West Home, Ka Shui Garden Day Care Centre (Tsuen Wan), Kato Elderly Home and Pine Villa were recognised service providers under the CCSV pilot scheme, covering four (2025: four) contract homes, with a total capacity of 100 (2025: 100) places for centre-based services and 800 (2025: 800) voucher holders for home-based services.

(ii) Day care service

Day-care centres for elderly provide on-site elderly care services during daytime hours and generally exclude overnight care. To broaden the Group's service coverage to non-residents, the Group has commenced the provision of day care services to elderly in May 2020. These services encompass a comprehensive range of centre-based care and support services during daytime hours, with the objective of enabling service users who with moderate to severe level of impairment to achieve optimal level of functioning, realise their potential, enhance their quality of life, and continue residing in their own homes wherever practicable.

As at 31 March 2026 and 2025, two of the Group's care and attention homes for the elderly were authorised to provide day care services, offering a total of 30 subsidised day care places under the Bought Place Scheme on Day Care Units for the Elderly (the "**BPS**").

Medical and laboratory services

The Group expanded into the medical diagnostic, imaging and health check markets in Hong Kong in 2022. The Group offers a comprehensive range of healthcare services, including but not limited to general physical examinations, X-ray, electrocardiogram ("**ECG**"), mammography, ultrasound, DEXA Bone Densitometry and various laboratory tests. As at 31 March 2025, the Group operated three medical and health check-up centres located across three districts in Hong Kong. During the Year, the Group ceased its medical and laboratory services as part of strategic decision to reallocate resources towards the development of its elderly home care services.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group's revenue was principally generated from the provision of residential care services and day care services for the elderly in Hong Kong. The Group's revenue was derived from (i) rendering of elderly home care services; (ii) sales of elderly home related goods; (iii) rental and management fee income; (iv) rendering of elderly community care services; and (v) rendering of medical and laboratory services. The following table sets forth the breakdown of revenue for the Group's revenues by types of services for the year ended 31 March 2026 (the "**Year**") and the year ended 31 March 2025 (the "**Previous Year**"):

	2026		2025	
	HK$'000	**%**	HK$'000	%
Rendering of elderly home care services				
— residential care places purchased by the SWD under the EBPS and the Contract Home	**143,220**	**40.4**	131,465	41.5
— residential care places purchased by individual customers	**124,087**	**35.1**	101,497	32.0
Sales of elderly home related goods	**61,095**	**17.3**	51,165	16.1
	328,402	**92.8**	284,127	89.6
Rendering of elderly community care services	**15,143**	**4.3**	11,028	3.5
Rental and management fee income	**10,235**	**2.9**	13,466	4.2
Rendering of medical and laboratory services	**—**	**—**	8,493	2.7
Total	**353,780**	**100.0**	317,144	100.0

Total revenue of the Group increased by approximately HK$36.7 million or 11.6% from approximately HK$317.1 million for the Previous Year to approximately HK$353.8 million for the Year. This increase was primarily attributable to the growth in revenue from the provision of elderly home care services, driven by (i) the commencement of operations of two care and attention homes in Lam Tin in June 2024 and September 2024 respectively, both of which achieved full-year operation during the Year; and (ii) the commencement of operation of a new care and attention home in Tsuen Wan during the Year. The increase was partially offset by the decrease in revenue from medical and laboratory services.

Revenue generated from provision of elderly home care services mainly represent (i) the rendering of elderly home care services (such as residence, professional nursing and caretaking services, nutritional management, medical services, psychological and social care and individual care plans); and (ii) sales of elderly home related goods which include the sale of diapers, nutritional milk, wipes, and blood glucose test strips to our residents on an as-needed basis. Revenue from provision of elderly home care services increased from approximately HK$284.1 million in the Previous Year to approximately HK$328.4 million for the Year. The increase was primarily attributable to (i) the commencement of operations of two care and attention homes in Lam Tin in June 2024 and September 2024 respectively, which achieved full-year operation during the Year; (ii) the commencement of operations of a care and attention home in Tsuen Wan in August 2025; and (iii) the increase in average monthly occupancy rate.

Management Discussion and Analysis

Employee benefit expenses

Employee benefit expenses comprise of wages and salaries, retirement benefit scheme contributions, staff welfare and benefits, Directors' remunerations, provision for long service payments and share-based payment expenses. Total employee benefits expenses increased from approximately HK$133.8 million in the Previous Year to approximately HK$148.0 million in the Year. This increase was primarily attributable to (i) a higher headcount following the commencement of operations of two care and attention homes in Lam Tin providing an aggregate of 178 residential care places which commenced operation in June 2024 and September 2024 respectively, and reached full-year operation during the Year; (ii) increase in staffing levels associated with the commencement of operations of a care and attention home in Tsuen Wan during the Year; and (iii) general salary increments for staff.

Food and beverage costs

Food and beverage costs represents expenses incurred for food ingredients and beverages costs used in the provision of meals to residents. Food and beverage costs increased from approximately HK$13.8 million in the Previous Year to approximately HK$15.0 million in the Year, primarily attributable to the commencement of operations for two care and attention homes located in Lam Tin during the Previous Year, which were operating at full capacity throughout the Year.

Subcontracting fees, net

Subcontracting fees, net primarily represent payment made to occupational therapists, occupational therapist assistants, physiotherapists and physiotherapist assistants, after offsetting government subsidies. The increase in subcontracting fees from approximately HK$9.8 million for the Previous Year to approximately HK$11.8 million for the Year was mainly attributable to the commencement of operations for three care and attention homes located in Lam Tin and Tsuen Wan during the Year and the Previous Year.

Finance costs, net

Finance costs, net mainly represented interest expenses on bank borrowings and lease liabilities. The finance costs decreased by HK$4.9 million from HK$14.7 million for the Previous Year to HK$9.8 million for the Year was mainly due to the decrease in average borrowings and interest rate during the Year.

Fair value change on investment properties

As at 31 March 2026, the Group's investment properties mainly comprise commercial complex, retail shops, fresh market stalls, cooked food stalls, storerooms and car park spaces in Lam Tin and are leased to third parties under operating leases for rental income. The investment properties were revalued based on valuations performed by an independent professionally qualified valuer. The Group recorded a fair value loss on investment properties amounted to HK$10.7 million for the Year (Previous Year: HK$23.3 million).

Profit for the Year

As a result of the foregoing, profit for the year increased by approximately 59.7% to approximately HK$33.7 million for the Year as compared to HK$21.1 million for the Previous Year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's net assets increased to approximately HK$460.4 million as at 31 March 2026 (2025: approximately HK$442.2 million). Such increase was mainly the result of the operating profits during the Year. As at 31 March 2026, the Group's net current assets was approximately HK$13.9 million (2025: approximately HK$2.6 million), including cash and cash equivalents of approximately HK$60.1 million (2025: approximately HK$51.1 million) which were denominated in Hong Kong Dollar.

The current ratio, which is calculated as the total current assets divided by the total current liabilities, was approximately 1.2 times as at 31 March 2026 (2025: approximately 1.0 times).

The Group has established a treasury policy with the objective of lowering cost of funds. Therefore, funding for all its operations have been centrally reviewed and monitored at the Group level. To manage the Group's exposure to fluctuations in interest rates, appropriate funding policies will be applied, including the use of bank borrowings or placing of new shares. The management will continue its efforts to obtain the most privileged rates and favourable terms available to the Group for its financing.

The Group monitors its capital on the basis of the gearing ratio, which is expressed as a percentage of net debt divided by total capital. Net debt is calculated as the sum of bank borrowing and lease liabilities less the sum of short-term bank deposits, restricted bank deposits and cash and cash equivalents. Total capital represents total equity as shown on the consolidated statement of financial position of the Group.

The gearing ratio as at 31 March 2026 and 2025 were as follows:

	2026 **HK$'000**	2025 HK$'000
Bank borrowings	**178,612**	207,771
Lease liabilities	**95,064**	125,189
	273,676	332,960
Less: Short-term bank deposits	**(1,600)**	(1,600)
Restricted bank deposits	**(11,232)**	(10,895)
Cash and cash equivalents	**(60,103)**	(51,057)
	(72,935)	(63,552)
Net debt	**200,741**	269,408
Total equity	**460,396**	442,228
Gearing ratio	**43.6%**	60.9%

As at 31 March 2026, the gearing ratio of the Group decreased to 43.6% (2025: 60.9%) attributable to repayment of in bank borrowings and lease liabilities during the Year.

As at 31 March 2026, bank borrowings of the Group bore floating interest rates and denominated in HK$. The maturity profile of bank borrowings of the Group are set out as follows:

	HK$'000
Within 1 year	22,420
More than 1 year but less than 2 years	20,463
More than 2 years but less than 5 years	44,125
More than 5 years	91,604
	178,612

COMMITMENTS

As at 31 March 2026, the Group had capital commitments in respect of property and equipment, amounting to approximately HK$10.3 million (2025: HK$7.4 million), after netting off the prepayments made for the acquisition of property and equipment.

INVESTMENT PROPERTIES

As at 31 March 2026, the Group's investment properties comprise commercial complex, retail shops, fresh market stalls, cooked food stalls, storerooms and car park spaces and are leased to third parties under operating leases for rental income. During the Year, investment properties with carrying amounts of HK$152.5 million and HK$29.9 million were reclassified to right-of-use assets and property and equipment respectively, upon commencement of development for intended owner-occupation.

As at 31 March 2026, the Group's investment properties amounted to approximately HK$152.3 million (2025: HK$344.8 million) and were revalued based on valuations performed by an independent professionally qualified valuer.

SIGNIFICANT INVESTMENTS

As at 31 March 2026 and 2025, the Group did not hold any significant investment, with a value of over 5% of the total assets of the Group.

Management Discussion and Analysis

MATERIAL ACQUISITIONS OR DISPOSAL OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

On 16 December 2024, the Group as purchaser and Ms. Kwok Hoi Yin and Ms. Lee Tao Ying as vendors (the "**Vendors**") entered into the Sale and Purchase Agreement, pursuant to which the Group conditionally agreed to acquire and the vendors agreed to dispose of the entire issued share capital of Hong Tak Home For the Elderly (Tsuen Wan) Limited (the "**Target Company**"), including the business license for the operation of an elderly residential care home, at a consideration of HK$2,000,000. The Target Company owned and managed the operation of an elderly residential care home in Tsuen Wan. The acquisition was completed in April 2025. The Group undertook alteration and addition works at the premises to establish a new care and attention home with approximately 192 residential care places. The new care and attention home commenced operations in August 2025. For further details, please refer to the announcement of the Company dated 16 December 2024.

During the Year, the Group disposed of its entire equity interests in four subsidiaries, which were principally engaged in the provision of medical and laboratory services, as part of its strategic reallocation of resources towards elderly home services. A loss on disposal of these subsidiaries of approximately HK$1.6 million was recognised during the Year.

Save as disclosed above and elsewhere in this annual report, the Group did not conduct any material acquisition or disposal of subsidiaries, associates and joint ventures during the Year.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

In July 2021, the Group completed the acquisition of four parcels of land in Yuen Long for establishment of a new care and attention home with approximately 250 residential care places. The facility is expected to commence operations in 2029.

Save as disclosed above and elsewhere in this annual report, the Group does not have any plans for material investments and capital assets acquisitions for the coming 12 months.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2026 and 2025.

FOREIGN EXCHANGE EXPOSURE

The Group principally operates in Hong Kong and the majority of its transactions, as well as its cash and cash equivalents, are denominated in HK$. The Group has limited exposure to foreign currency risk arising from transactions denominated in currencies other than the respective functional currencies of its entities. The Group did not resort to any foreign currency hedging facilities during the Year. Nevertheless, the management will continue to monitor its foreign exchange exposure and will consider implementing appropriate hedging strategies for any significant foreign currency risks as they arise.

PLEDGE OF ASSETS

As at 31 March 2026, the Group had pledged investment properties, property and equipment and right-of-use assets with an aggregate carrying amount of approximately HK$460.5 million (2025: HK$447.0 million), together with restricted bank deposits of approximately HK$11.2 million (2025: HK$10.9 million) as security for banking facilities granted to the Group. Save for the above, the Group did not have any other pledged assets as at 31 March 2026 and 2025.

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICIES

The total number of full-time and part-time employees was 656 and 585 as at 31 March 2026 and 2025, respectively. The Group's employee benefit expenses primarily comprise salaries, discretionary bonuses, medical insurance coverage, staff quarter, other staff benefits and contributions to retirement schemes. Share options are granted to certain Directors and eligible employees of the Group as an incentive to recognise their contributions under the share option scheme of the Company (the "**Share Option Scheme**"). During the Year, the Group's total employee benefit expenses, including Directors' emoluments, amounted to approximately HK$148.0 million (Previous Year: approximately HK$133.8 million).

Remuneration is generally determined with reference to the qualification, experience and work performance of the relevant employee. The award of discretionary bonus is typically contingent upon the work performance of the relevant employee, the financial performance of the Group and prevailing market conditions.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and that the risks of non-compliance with such requirements. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Group has complied with all relevant laws and regulations in Hong Kong in all material respects during the Year.

The Group also complies with the requirements under the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") for the disclosure of information and corporate governance during the Year.

ENVIRONMENTAL POLICY

The Group acknowledges its responsibility to safeguard the environment in the course of its business operations and is committed to the ongoing identification, assessment and management of its environmental impacts.

RELATIONSHIPS WITH STAKEHOLDERS

The Group recognises its employees as valuable assets and is committed to fostering their development and engagement. In order to motivate employees, the Group offers competitive remuneration package, implements periodic performance appraisal system and provides continuous training and development opportunities.

The Group places significant importance on maintaining long-term relationships with its customers and suppliers. The Group put emphasis on effective communication, timely response and constructive feedback, which are essential in cultivating stable and mutually beneficial business partnership.

The Group also values its relationships with its stakeholders and maintains ongoing dialogue with its stakeholders, employees and customers through general meetings, regular performance reviews, appraisals and interview sessions. These channels facilitate effective communication and the exchange of constructive feedback. Such feedback is regarded as integral to the Group's decision-making processes, supporting both the enhancement of current business performance and the identification of opportunities for future development.

Management Discussion and Analysis

PROSPECTS

According to the Census and Statistics Department of the Hong Kong Special Administrative Region, the population aged 65 or above is projected to increase to approximately 2.16 million by 2031 and further to 2.56 million by 2041. The prolonged waiting time for subsidised residential care services has remained a persistent concern in Hong Kong, a situation that is expected to intensify in light of the ageing population.

The Group's principal business objectives are to reinforce its established market position within the private RCHE sector in Hong Kong and to further strengthen its presence in the care and attention homes segment. In addition, the Group will continue to actively participate in various community care initiatives, with a view to delivering accessible, comprehensive, co-ordinated and person-centred care services to the community.

As embodied in the Company's motto: "Quality Service; Respecting and Positive; People-oriented; and Full Dedication (優質服務，敬老樂業，以人為本，全身投入)", the Group is committed to delivering high-quality residential care home services to its residents. In pursuit of maintaining and enhancing service standards, the Group has implemented standardised management and operational procedures and quality controls across its network of care and attention homes for the elderly. During the Year, in support of advancing and implementing gerontechnology across our elderly homes, we conducted pilot programs for resident monitoring systems, including fall detection alarms and anti-wandering solutions. These initiatives aim to strengthen on-site safety and facilitate timely delivery of care by our staff.

Leveraging its experienced management team and strong market reputation, the Group will continue to strategically expand its RCHE network in suitable locations, with a view to serving a boarder elderly population as appropriate opportunities arise.

Having considered the increased supply of properties in the market and the notable decline in property prices, the Group completed the acquisition of four land parcels in Yuen Long in July 2021 for the development of a new care and attention home. The facility is expected to provide approximately 250 residential care places and is anticipated to commence operations in 2029.

In April 2025, the Group completed the acquisition of the Target Company, including the business license for the operation of an elderly residential care home in Tsuen Wan with a capacity of 192 residential care places. The newly established care and attention home commenced operations in August 2025.

During the Year, the Group also marked an important milestone by establishing its first care and attention home in Zhaoqing, the PRC, which commenced operations in March 2026 and provides a total of 228 residential care places. This expansion reflects the Group's prudent and measured approach to business growth, while also broadening its service presence in the Greater Bay Area.

The 2026–27 Hong Kong Budget introduced a number of enhancements to cross-border elderly care initiatives, including the expansion of the Residential Care Services Scheme in Guangdong (the "**GDRCS Scheme**") to cover all nine Mainland cities within the Greater Bay Area. The GDRCS Scheme offers elderly individuals on the Central Waiting List for subsidised care and attention places the option to reside in designated residential care homes for the elderly in Guangdong.

In 2024, the Group was admitted as a Recognised Service Provider under the GDRCS Scheme. As at 31 March 2026, the Group operates two residential care homes for the elderly located in Shenzhen and Foshan, providing subsidised care and attention places for elderly participants enrolled in the GDRCS Scheme.

The Group is confident in its ability to achieve sustainable growth and believes that its management team, with extensive industry experience, together with its agile operations team, is well-positioned to respond effectively to evolving community demands and to adjust its business strategies in alignment with prevailing market trends.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Ms. Ngai Ka Yee ("Ms. Ngai"), aged 80, is the founder of the Group. Ms. Ngai was appointed as a Director and designated as an executive Director on 2 October 2018. Ms. Ngai founded the Group through the establishment of the first care and attention home for the elderly in May 1991. She possesses over 34 years of experience in the RCHE industry in Hong Kong.

Ms. Ngai is the director of various subsidiaries of the Company. Ms. Ngai is the mother of Mr. Ngai Shi Shing Godfrey and Mr. Lam Kong.

Mr. Ngai Shi Shing Godfrey ("Mr. Ngai"), aged 52, was appointed as a Director on 19 April 2018 and was designated as an executive Director and chief executive officer of the Company (the "**Chief Executive Officer**") on 2 October 2018. He was appointed as a member of the remuneration committee of Company (the "**Remuneration Committee**") on 20 May 2019; re-designated as a member of the nomination committee of the Company (the "**Nomination Committee**") on 28 June 2019; and appointed as the chairman of the Board (the "**Chairman**") since 15 October 2020. Mr. Ngai joined the Group in September 1998 as a director and chief executive officer. He has over 27 years of experience in the RCHE industry in Hong Kong. Mr. Ngai obtained (i) a Higher Diploma in Manufacturing Engineering (Product Engineering and Design) from Hong Kong Technical Colleges in July 1996, and (ii) a Master of Science in Engineering Business Management from The University of Warwick in January 1998.

Mr. Ngai was appointed as the chairman of Tai Po North District Scout Council from May 2011 to May 2012. He was awarded the Bronze Award for Volunteer Service from the Director of Social Welfare and Volunteer-in-Chief for four consecutive years from 2006 to 2009. He was also awarded the Outstanding Director Award of the Chartered Association of Directors in December 2010. He was commended for Distinguished Service for Community Building under the Secretary for Home Affairs' Commendation Scheme 2021 in recognition of his dedicated service and significant contribution to youth affairs in Wong Tai Sin district. Mr. Ngai was also appointed as the member of Wong Tai Sin District Council, the chairman of executive committee of the Elderly Services Association of Hong Kong in January 2024, and a member of the Elderly Commission.

Mr. Ngai is the director of various subsidiaries of the Company. Mr. Ngai is the son of Ms. Ngai and the brother of Mr. Lam Kong.

Mr. Lau Kwok Wo ("Mr. Lau"), aged 68, was appointed as an executive Director on 2 April 2024. Mr. Lau was a civil servant of the Hong Kong government from April 1980 to November 2018 with his position last held as the chief social security officer. He was a commander of AsiaWorld-Expo Quarantine Centre from 2019 to 2020 and a commander of AsiaWorld-Expo Holding Centre from 2022 to 2023. Mr. Lau is a director of a subsidiary of the Company. He obtained his diploma in management studies from the Hong Kong Polytechnic University in 1999.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Or Kevin ("Mr. Or"), aged 54, was appointed as an independent non-executive Director on 20 May 2019; re-designated as the chairman of the audit committee of the Company (the "**Audit Committee**") and the member of the nomination Committee on 22 August 2022; and re-designated as the chairman of the Remuneration Committee on 13 December 2024. Mr. Or graduated from Royal Melbourne Institute of Technology (now known as RMIT University) in Australia with a bachelor's degree in business in October 1994.

Biographical Details of Directors and Senior Management

Mr. Or began his career at PricewaterhouseCoopers in 1996 and has since accumulated over 23 years of experience in the audit field. The following table highlights Mr. Or's professional experience:

Name of Company	Principal business activities	Current position/ last position held	Roles and responsibilities	Duration
Linkers CPA Limited	Provision of accounting and auditing services	Director	Heading the Assurance and Learning & Development Divisions of the firm	From December 2016 to present
PricewaterhouseCoopers	Provision of accounting and auditing services	Senior manager	Provision of assurance services and advising small and medium-sized enterprises, entrepreneurs and companies seeking listing in Hong Kong	From November 1996 to December 2016

Mr. Or was admitted as a certified practising accountant of the Australian Society of Certified Practising Accountants in 1997 and a member of Hong Kong Society of Accountants in 1998. Since April 2018, Mr. Or has been the company secretary and an authorised representative of K W Nelson Interior Design and Contracting Group Limited, a company listed on GEM of the Stock Exchange (stock code: 8411). Since July 2018, Mr. Or has been an independent non-executive director of DLC Asia Limited (衍匯亞洲有限公司), a company listed on GEM of the Stock Exchange (stock code: 8210).

Ms. Wu Wing Fong ("Ms. Wu"), aged 46, was appointed as an independent non-executive Director and the member of the Audit Committee on 8 August 2022 and she has been appointed as the chairlady of the Nomination Committee and the member of the Remuneration Committee on 13 December 2024. Ms. Wu has over 19 years of experience in merger and acquisition transactions as well as capital markets. Ms. Wu was employed by PricewaterhouseCoopers from October 2007 to November 2015, with her last position as senior manager of the advisory services department and she was employed by Seazen Group Limited, shares of which are listed on the Main Board of the Stock Exchange (stock code: 1030) as deputy general manager from November 2015 to November 2024.

Ms. Wu has been a member of the Hong Kong Institute of Certified Public Accountants since 2011. She graduated from Kelley School of Business at Indiana University with a bachelor of science degree in business administration with emphasis in finance in August 2005.

Mr. Wong Chun Kit ("Mr. Wong"), aged 39, was appointed as an independent non-executive Director and the member of the Audit Committee on 13 December 2024. Mr. Wong holds the qualification of Registered Architect of the Architects Registration Board of the Hong Kong Special Administrative Region, Chartered Membership of the Royal Institute of British Architects, Property Management Practitioner (Tier 2) Licence and the Registered Engineer of The Guangdong Institute of Engineers.

Mr. Wong has around 14 years of experience in the construction industry, specializing in administration and coordination of the statutory and quality checkup in architectural and construction projects. He is currently a director of Cupio Architects Limited and Active Property and Facility Management Limited, and a technical director of Luk Hop Construction Engineering Limited. Prior to that, he worked for several architectural firms from 2012 to 2020, including Rocco Design Architects Limited, AGC Design Limited, Spiral Architectural Design Limited and SANAA Jimusho.

Mr. Wong presently serves as a member of Care Team (Wong Tai Sin) of the Home Affairs Department, a member of Area Committee (Wong Tai Sin Central) of the Home Affairs Department, a professional building consultant of East Kowloon District Residents' Committee and the president of Chinese University Architecture Alumni Association.

Mr. Wong obtained a Master of Architecture at the Chinese University of Hong Kong and Bachelor of Architecture (Hons) at the University of Nottingham.

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

Mr. Kwok Chi Kan ("Mr. Kwok"), aged 45, joined the Group in July 2018 as the chief financial officer, and is responsible for the accounting and financial planning and management, as well as overall corporate secretarial matters of the Group. Mr. Kwok graduated with a bachelor of science in applied accounting degree from Oxford Brookes University in 2006.

Mr. Kwok is a member of Hong Kong Institute of Certified Public Accountants since 2008. Mr. Kwok worked in H.T Wong & Co. Limited, an accountants' firm in Hong Kong, from April 2003 to January 2007. From January 2007 to June 2008, Mr. Kwok worked in Grant Thornton, an international accountants' firm, as a senior accountant. Mr. Kwok subsequently joined PricewaterhouseCoopers, an international accountants' firm, in July 2008 until February 2018, with his last position as a senior manager before joining the Group.

Mr. Kwok was also appointed as the company secretary of the Company (the "**Company Secretary**") on 2 October 2018.

Ms. Kwong Mei Ping ("Ms. Kwong"), aged 56, joined the Group in December 1996 as a personal care worker and is currently the head of nursing department of the Group and a home manager, and is responsible for supervising the care work for all the residents in the Group's RCHEs. Ms. Kwong graduated from The Open University of Hong Kong with a bachelor of education in primary education degree in 2000 and a higher diploma in nursing in 2012.

She was an enrolled nurse with the Nursing Council of Hong Kong from March 2008 until she has become a registered nurse with the Nursing Council of Hong Kong since June 2012. She joined Fai To Home for the Aged (Tuen Mun) Branch as an enrolled nurse in May 2008 and subsequently worked as a registered nurse in Tsuen Wan Elderly Centre since May 2012.

Mr. Lam Kong ("Mr. Lam"), aged 58, joined the Group in October 1992 as a technician and is currently the project manager of the Group, and is responsible for managing projects of the Group with government authorities. He joined the Group in October 1992 as a technician until June 1997. From July 1997 to December 2003, he worked in the Group as senior technician. In January 2004, he was promoted to the position of assistant manager, where he was responsible for the repair and maintenance work of the Group's RCHEs, as well as the project management work of the Group. He was further promoted to the current position in January 2009.

Mr. Lam is both a shareholder and a director of each of Shing Kong Limited and Stand Harvest Limited, each of which is a connected person (as defined in the Listing Rules) of the Company. He is the son of Ms. Ngai and the brother of Mr. Ngai.

* *For identification purpose only*

Corporate Governance Report

The Company's corporate governance code is based on the principles and code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Part 2 of Appendix C1 to the Listing Rules to ensure that the Company's business activities and decision making processes are regulated in a proper and prudent manner. The Company is committed to maintain high standards of corporate governance to safeguard interest of the Shareholders and ensure the quality of the constitution of the Board and transparency and accountability to the Shareholders.

The Company has complied with all applicable code provisions in the CG Code, except for the deviation from code provision C.2.1 of the CG Code as noted hereunder during the Year and up to the date of this annual report.

The Board has reserved for its decision and consideration issues in relation to (i) formulating the strategic objectives of the Group; (ii) considering and deciding the Group's significant operational and financial matters, including but not limited to substantial mergers and acquisitions and disposals; (iii) overseeing the Group's corporate governance practices; (iv) ensuring a risk management control system in place; (v) directing and monitoring senior management in pursuit of the Group's strategic objectives; and (vi) determining the remuneration packages of all Directors and the Group's senior management, including benefits in kind, pension rights and compensation payments for loss or termination of their office or appointment. Implementation and execution of Board policies and strategies and the daily administrative matters are delegated to the respective Board committees and the management team of the Company.

The Board will conduct at least four regular Board meetings a year and additional meetings will be held or resolutions in writing signed by all Directors in lieu of a meeting will be arranged as and when required. If a substantial Shareholder or a Director has a conflict of interest in a transaction which the Board determines to be material, it will be considered and dealt with by the Board at a duly convened Board meeting with the presence of the independent non-executive Directors who, and whose close associates, have no material interest in the transaction. Comprehensive information on matters to be discussed at the Board meeting will be supplied to the Directors in a timely manner to facilitate discussion and decision-making.

COMPOSITION OF THE BOARD

As at the date of this annual report, the Board comprised of three executive Directors and three independent non-executive Directors. During the Year and up to the date of this annual report, the name and office of each of the members of the Board and the Board committees are as follows:

Board members	Office
Ngai Ka Yee	Executive Director
Ngai Shi Shing Godfrey	Chairman, Chief Executive Officer and executive Director
Lau Kwok Wo	Executive Director
Or Kevin	Independent non-executive Director
Wu Wing Fong	Independent non-executive Director
Wong Chun Kit	Independent non-executive Director

There was no change since the date of the last corporate governance report.

Corporate Governance Report

Audit Committee members

Or Kevin *(Chairman)*
Wu Wing Fong
Wong Chun Kit

Remuneration Committee members

Or Kevin *(Chairman)*
Ngai Shi Shing Godfrey
Wu Wing Fong

Nomination Committee members

Wu Wing Fong *(Chairlady)*
Ngai Shi Shing Godfrey
Or Kevin

The attendance record of each Director at Board meetings, Audit Committee meetings, Remuneration Committee meeting, Nomination Committee meeting and annual general meeting of the Company for the Year is set out in the following table:

	Board Meeting (attendance/ total no. of meetings held)	Audit Committee (attendance/ total no. of meetings held)	Remuneration Committee (attendance/ total no. of meetings held)	Nomination Committee (attendance/ total no. of meetings held)	Annual General Meeting held on 10 September 2025 (attendance/ total no. of meetings held)
Executive Directors					
Ngai Ka Yee	4/4	–	–	–	1/1
Ngai Shi Shing Godfrey	4/4	–	1/1	1/1	1/1
Lau Kwok Wo	4/4	–	–	–	1/1
Independent non-executive Directors					
Or Kevin	4/4	2/2	1/1	1/1	1/1
Wu Wing Fong	4/4	2/2	1/1	1/1	1/1
Wong Chun Kit	4/4	2/2	–	–	1/1

Ms. Ngai Ka Yee and Mr. Ngai Shi Shing Godfrey, each as an executive Director, entered into a service contract with the Company on 20 May 2019 for an initial term of three years, commencing from 13 June 2019 (the "**Listing Date**") (subject to termination in certain circumstances as stipulated in the relevant service contacts) and renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term, subject to the rotation, removal, vacation or termination of such office as set out in the articles of association of the Company (the "**Articles**").

Mr. Lau Kwok Wo, an executive Director, entered into a service contract with the Company on 2 April 2024 for an initial term of three years, commencing from 2 April 2024 and subject to the rotation, removal, vacation or termination of such office as set out in the Articles.

Corporate Governance Report

Mr. Or Kevin, an independent non-executive Director, entered into a letter of appointment with the Company on 20 May 2019 for a fixed term of two years, commencing from the Listing Date (subject to termination in certain circumstances as stipulated in the relevant letter of appointments) and renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term, subject to the rotation, removal, vacation or termination of such office as set out in the Articles.

Ms. Wu Wing Fong and Mr. Wong Chun Kit, each as an independent non-executive Director, have entered into a letter of appointment with the Company on 6 August 2022 and 13 December 2024 respectively for an initial term of two years, commencing from 8 August 2022 and 13 December 2024 respectively (subject to termination in certain circumstances as stipulated in the relevant letters of appointments) and renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term, subject to the rotation, removal, vacation or termination of such office as set out in the Articles.

According to article 84 of the Articles, one-third of the Directors for the time being, or if their number is not a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation at every annual general meeting. A retiring Director shall be eligible for re-election. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election.

Accordingly, Mr. Ngai Shi Shing Godfrey and Mr. Lau Kwok Wo shall retire as the Directors pursuant to article 84 of the Articles and being eligible, offer themselves for re-election. Mr. Ngai Shi Shing Godfrey and Mr. Lau Kwok Wo will offer themselves for re-election at the annual general meeting of the Company (the "**AGM**") to be held on Wednesday, 9 September 2026.

The Board composition is regularly reviewed to ensure that it has a balance of skills and experience appropriate for the requirement of the business of the Group. A balanced composition of executive Directors and independent non-executive Directors is maintained to ensure independence and effective management. The Company has satisfied the Rules 3.10(1) and (2), and 3.10A of the Listing Rules in having at least three independent non-executive Directors, representing at least one-third of the Board and at least one of the independent non-executive Directors with appropriate professional qualifications or accounting or related financial management expertise. Save as disclosed under the "Biographical Details of Directors and Senior Management" in this annual report, there is no relationship (including financial, business, family or other material/relevant relationship(s)) among the members of the Board.

The appointment of new Directors is to be recommended by the Remuneration Committee and the Nomination Committee and approved by the Board or by the shareholders of the Company (the "**Shareholder(s)**") in a general meeting based on a formal written procedure and policy for the appointment of new Directors. When selecting potential candidates for the Directors, their skills, experience, expertise, devotion of time and non-conflicts of interests are the key factors. In considering the re-appointment of Directors, the Board, with the assistance and recommendation from the Nomination Committee, will also take into account a number of factors, including but not limited to the structure, size and composition of the Board, the candidates' qualifications and their ability to devote sufficient time as and when required to discharge their responsibilities as a Director and to make positive contribution to the development of the Company's strategy, policies and performance.

The daily operation and management of the business of the Group, among other matters, and the implementation of strategies are delegated to the executive Directors and senior management. They report periodically to the Board on their work and business decisions.

All Directors have been fully consulted about any matters proposed for inclusion in the agenda for regular meetings. The Chairman has delegated the responsibility for drawing up the agenda for each Board meeting to the Company Secretary.

With the assistance of the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at the Board meetings and have received adequate and reliable information in a timely manner.

Notices of at least 14 days are given to the Directors for regular meetings, while the Board papers are sent to the Directors not less than three days before the intended date of a Board or Board committee meeting. With respect to other meetings, the Directors are given as much notice as is reasonable and practicable in the circumstances. The Directors can attend meetings in person or through other means of electronic communication in accordance with the Articles. The Company Secretary ensures that the procedures and all applicable rules and regulations are complied with. Minutes of the Board meetings and meetings of the Board committees are kept by the Company Secretary and are available for inspection at any time on reasonable notice by any Director.

Minutes of Board meetings and Board committee meetings records sufficient details of the matters considered and decisions reached, including any concerns raised by the Directors or dissenting views expressed. Draft minutes are normally circulated to Directors or members of the relevant Board committees for comments within a reasonable time after each meeting.

Any material transaction, which involves a conflict of interests between a substantial Shareholder or a Director and the Company, will be considered and dealt with by the Board at a duly convened Board meeting with the presence of the independent non-executive Directors who and whose close associates, have no material interest in the transaction. Directors would abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest in such transactions.

The Directors have full access to information of the Group and are able to obtain independent professional advice whenever they deem necessary. The Directors will be updated with legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties from time to time. The Audit Committee, Nomination Committee and Remuneration Committee are provided with sufficient resources to perform their duties.

The Board is of the view that the following mechanisms adopted by the Company pursuant to code provision B.1.4 of the CG Code are effective in ensuring that independent views and inputs are available to the Board:

— The Board is represented by sufficient number of independent non-executive Directors which meets the requirement of the Listing Rules.

— In assessing suitability of the Director candidates, the Board will consider their profiles, including their character, experience, qualifications and time commitment and will also consider the Board's overall composition and skill matrix as well as the Company's diversity policy.

— The Board will review each Director's time commitment to the Company's business annually.

— The Board will assess independent non-executive Directors' independence upon appointment and annually.

— Directors are required to abstain from voting in matters in which he/she has material interest.

— The Audit Committee, the Nomination Committee and the Remuneration Committee are authorised by the Board to obtain outside legal or other independent professional advice as necessary to assist the respective committees.

The quality of deliberations at meetings of the Board are reviewed during the annual evaluation of the Board's performance. The Board has reviewed and considered that the above mechanisms have been duly implemented and are effective in ensuring that independent views and input are available to the Board during the Year.

The Company has received from each of the independent non-executive Directors an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the independent non-executive Directors are independent during the Year.

Responsibilities

In the course of discharging their duties, the Directors act in good faith, with due diligence and care, and in the best interests of the Company and its Shareholders. Their responsibilities include (i) regular Board meetings focusing on business strategy, operational issues and financial performance; (ii) monitoring the quality, timeliness, relevance and reliability of internal and external reporting; (iii) monitoring and managing potential conflicts of interest of management, Board members and Shareholders, including misuse of corporate assets and abuse in connected transaction; and (iv) ensuing processes are in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

Director's Responsibilities for the Consolidated Financial Statements

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group and ensure that the consolidated financial statements of the Group are accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of the consolidated financial statements of the Group. In preparing the accounts for the Year, the Directors have, among other things:

- selected suitable accounting policies and applied them consistently;

- approved adoption of all Hong Kong Financial Reporting Standards which are in conformity with the International Financial Reporting Standards;

- made disclosure by following requirements under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong); and

- made judgements and estimates that are prudent and reasonable and have prepared the accounts on the going concern basis.

The Directors confirm that, to the best of their knowledge, information and belief, and having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

The reporting responsibilities of the Group's auditor (the "**Auditor**"), PricewaterhouseCoopers, are set out in the Independent Auditor's Report on pages 55 to 58 to this annual report.

Corporate Governance Report

Chairman and Chief Executive

Code provision C.2.1 of the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Ngai is the Chief Executive Officer and was appointed as the Chairman on 15 October 2020. Although this deviates from the practice under code provision C.2.1 of the CG Code, where it provides that the two positions should be held by two different individuals, as Mr. Ngai has considerable experience in the enterprise operation and management of the Company, the Board believes that it is in the best interests of the Company and the Shareholders as a whole to have Mr. Ngai as the Chairman so that it can benefit from his experience and capability in leading the Board in the long-term development of the Company and for more effective planning and execution of business strategies. As all major decisions are made in consultation with the members of the Board, and there are three independent non-executive Directors on the Board offering independent perspectives, the Board believes that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

Board Diversity Policy

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieve diversity on the Board.

The Company recognises and embraces the benefits of diversity in Board members. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other qualities of Directors. These differences will be taken into account in determining the optimum composition of the Board. All Board appointments will be based on merit while taking into account diversity including gender diversity. The Company aims to build and maintain a Board with a diversity of Directors, in terms of skills, experience, knowledge, expertise, culture, independence, age and gender.

Measurable objectives have been set to implement the Board Diversity Policy and selection of candidates will be based on a range of diversity perspectives as stated in the above. By adopting such criteria, it also facilitates the Company to develop a pipeline of candidates to the Board to achieve gender diversity. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

As at the date of this annual report, the Board comprises six Directors, three of whom are independent non-executive Directors and independent of management, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, whether considered in terms of professional background, skills and gender.

During the Year, the Board, via the Nomination Committee, conducted an annual review of the implementation and effectiveness of the Board Diversity Policy and is satisfied that the Board Diversity Policy has been properly implemented and is effective.

Gender Diversity

The Board values gender diversity. As of 31 March 2026 and the date of this annual report, the Board had two female Directors, and four male Directors. As such, the Company has achieved gender diversity in respect of the Board. The Board is of the view that gender should not be the only factor in selecting a candidate for the Board. The Company would follow the Board Diversity Policy to take into account various factors in identifying suitable candidates for appointment to the Board, and may adjust the proportion of female Board members over time as appropriate.

While we believe our future employee recruitment should predominantly be merit-based and do not consider it appropriate to set any target gender ratio for our workforce, we recognise and embrace the benefits of having a diverse workforce, and will continue to enhance the diversity of our workforce, subject to availability of suitable candidates.

Corporate Governance Report

Details of gender ratio of the workforce (including senior management) for the Year are set out in the "Environmental, Social and Governance Report".

Board Meetings and General Meetings

During the Year, the Board held four meetings to review and approve, among other things, (i) the audited annual results of the Company for the year ended 31 March 2025; (ii) environmental, social and governance report 2025; (iii) the unaudited interim results of the Company for the six months ended 30 September 2025; and (iv) other matters on the business and operation of the Group. During the Year, an annual general meeting was held on 10 September 2025 to approve the audited annual results of the Company for the year ended 31 March 2025.

Delegation by the Board

The Board has established three committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. Specific responsibilities of each committee are described below. All committees have defined terms of reference which are no less exacting than those set out in the CG Code.

Audit Committee

The Audit Committee was established on 20 May 2019 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the CG Code. During the Year and as at the date of this annual report, the Audit Committee comprises three members, namely Mr. Or Kevin, Ms. Wu Wing Fong and Mr. Wong Chun Kit and all of them are independent non-executive Directors. The chairman of the Audit Committee is Mr. Or Kevin, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. During the Year, the Company has fully complied with Rule 3.21 of the Listing Rules.

The primary duties of the Audit Committee include, but are not limited to, the following: (i) making recommendations to the Board on the appointment and removal of the external Auditor; (ii) reviewing the financial statements of the Group and monitoring the integrity of such financial statements; and (iii) overseeing the financial reporting system and internal control procedures.

During the Year, the Audit Committee held two meetings to, inter alia, review the interim and annual results of the Group, risk management and internal control systems of the Group, review and approve the annual audit and non-audit services fees for the Year, recommend the re-appointment of the Group's Auditor, to the Board for approval and transact any other business in accordance with its terms of reference. There was no disagreement between the Board and the Audit Committee on the selection and re-appointment of the external Auditor during the Year.

The Company's audited consolidated financial statements for the Year have been reviewed by the Audit Committee. The Audit Committee considered that the relevant audited consolidated financial statements have been prepared in compliance with the applicable accounting principles and requirements of the Stock Exchange and disclosures have been fully made.

Remuneration Committee

The Remuneration Committee was established on 20 May 2019 with written terms of reference in compliance with paragraph E.1 of the CG Code. During the Year and as at the date of this annual report, the Remuneration Committee comprises three members, namely, Mr. Or Kevin, Mr. Ngai Shi Shing Godfrey and Ms. Wu Wing Fong and except Mr. Ngai Shi Shing Godfrey, all of them are independent non-executive Directors. The chairman of the Remuneration Committee is Mr. Or Kevin.

The primary duties of the Remuneration Committee include, but are not limited to, the following: (i) making recommendations to the Board on the policy and structure for the remuneration of all the Directors and senior management; (ii) making recommendations to the Board on the establishment of a formal and transparent procedure for developing remuneration policy; (iii) determining the specific remuneration packages of all Directors and senior management; (iv) reviewing and approving the management's remuneration proposals with reference to the corporate goals and objectives resolved by the Board from time to time; and (v) review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

The Remuneration Committee has adopted the operation model where it performs an advisory role to the Board, with the Board retaining the final authority to approve the remuneration packages of individual executive Directors and senior management.

During the Year, the Remuneration Committee held one meeting to, inter alia, (i) review the remuneration policy and structure of the Directors and the senior management; (ii) review the remuneration package of the Directors and senior management; and (iii) transact any other business in accordance with its terms of reference.

Since there were no shares granted under the Share Option Scheme (as defined in the Report of the Directors), no material matters relating to the Share Option Scheme under Chapter 17 of the Listing Rules were required to be reviewed or approved by the Remuneration Committee during the Year.

Details of the Directors' remuneration and five highest paid individuals for the Year as regarded to be disclosed pursuant to the CG Code are provided in note 8 to the audited consolidated financial statements in this annual report.

During the Year, the remuneration of the senior management (excluding directors) of the Group by band is set out below:

	Number of individuals
Nil to HK$1,000,000	2
HK$1,000,001–HK$1,500,000	2

Details of the emolument policy of the Group (the "**Emolument Policy**") are also set out in the "Emolument Policy" section contained in the Report of the Directors in this annual report.

Nomination Committee

The Nomination Committee was established on 20 May 2019 with written terms of reference in compliance with paragraph B.3 of the CG Code. During the Year and as at the date of this annual report, the Nomination Committee comprises three members, namely Ms. Wu Wing Fong, Mr. Or Kevin and Mr. Ngai Shi Shing Godfrey and except Mr. Ngai Shi Shing Godfrey, all of them are independent non-executive Directors. The chairlady of the Nomination Committee is Ms. Wu Wing Fong.

The primary functions of the Nomination Committee include, but are not limited to, the following: (i) reviewing the structure, size, diversity and composition of the Board; (ii) assisting the Board in maintaining a Board skills matrix; (iii) assessing the independence of the independent non-executive Directors; (iv) making recommendations to the Board on matters relating to the appointment or re-appointment of Directors and succession planning for the Directors; and (v) supporting the regular evaluation of the performance of the Board.

During the Year, the Nomination Committee held one meeting to, inter alia, (i) review and consider that the structure, size, diversity and composition of the Board and the Board Diversity Policy; (ii) assess the independence of the independent non-executive Directors; (iii) recommend the re-election of the retiring Directors at the annual general meeting of the Company held on 10 September 2025; (iv) recommend the aforesaid matters to the Board for approval; and (v) transact other business in accordance with its terms of reference.

The Nomination Committee regularly reviews the Board composition by considering the benefits of all aspects of diversity, including but not limited to those described under the heading of Board Diversity Policy in this annual report.

Nomination Policy

The Company adopted the nomination policy (the "**Nomination Policy**"). The Nomination Policy aims at setting out the process for the nomination of a candidate for the Company's directorship, the process and criteria to be adopted by the Nomination Committee in selecting and recommending a candidate for directorship in the Company as well as the subsequent procedures for considering and (if thought fit) approving the nomination by the Board and (as appropriate) the Shareholders, in order to facilitate the constitution of the Board with a balance of skills, knowledge, ability, experience and diversity of perspectives that is appropriate to the requirements of the Company's business operations and environment as well as the industry in which the Company operates. The Nomination Policy supplements the terms of reference of the Nomination Committee.

The Nomination Committee shall conduct the following processes (coupled with the following criteria) with a view to assessing and evaluating whether such candidate is suitably qualified to be appointed as a Director before making recommendations to the Board:

1. to assess such candidate's qualifications, professional and educational background, skills, knowledge, ability, experience and expertise and also potential time commitment and attention to perform Director's duties, with reference to the corresponding professional knowledge and industry experience which may be relevant to the Company and also the potential contributions that such candidate could bring to the Board;

2. in addition, without prejudice to paragraph 1 above, to assess such candidate's personal ethics, character, integrity and reputation which would be important to the overall business culture of the Company;

3. with reference to the board diversity policy of the Company (the "**Board Diversity Policy**") (as adopted and amended by the Board from time to time), to take into account the then current structure, size and composition of the Board and the Company's corporate strategy, with due regard to the benefits of the appropriate diversity of perspectives within the Board as well as a strong independent element on the Board;

4. to consider Board succession planning considerations and the long-term needs of the Company;

5. in case of a candidate for an independent non-executive Director, to assess: (i) the independence of such candidate with reference to, among other things, the independence criteria as set out in Rule 3.13 of Listing Rules; and (ii) the requirements relating to independent non-executive Directors set out in code provision B.3.4 of the CG Code; and

6. to consider any other factors and matters as the Nomination Committee may consider appropriate.

As to the re-appointment of a Director, the Nomination Committee will, mutatis mutandis, apply the above processes (coupled with the above criteria) and (in the case of an independent non-executive Director) assess whether such Director has remained independent in the context of the Listing Rules and should be re-elected at the next general meeting of the Company.

The entire Board is ultimately responsible for the selection and appointment or recommendation (as the case may be) of candidates for the Company's directorship, and accordingly, shall consider the recommendations from the Nomination Committee and make a decision.

In view of the foregoing, the nomination procedures to select and recommend candidates for the Company's directorship could be summarised as follows:

1. The chairman of the Nomination Committee will, upon receipt of a nomination from the nominating Director or the Company Secretary (as the case may be), convene a meeting of the Nomination Committee to consider the same in accordance with its terms of reference.

2. For filling a casual vacancy to the Board, the Nomination Committee will conduct the relevant selection process (coupled with the relevant selection criteria) against the nominated candidate and make recommendations to the Board for consideration, and the Board will then make a decision as to whether the nominated candidate shall be eligible to be appointed as a Director.

3. For proposing a candidate to stand for election as the Director at a general meeting of the Company:

   (a) the Nomination Committee will make nominations to the Board for consideration, and the Board will then make recommendations to the Shareholders for consideration; and

   (b) in accordance with Rule 13.70 of the Listing Rules, the Company shall issue an announcement or supplementary circular setting out the information required by the Listing Rules not less than 10 business days prior to the date of the general meeting of the Company. For more details, as mentioned above, please see the procedures for a Shareholder to propose a person for election as a Director (as amended from time to time) which are accessible on the Company's website.

4. For re-appointing a Director:

   (a) subject to (b) below, the Nomination Committee will conduct the relevant selection process (coupled with the relevant selection criteria) against the Director proposed to be re-appointed and make recommendations to the Board for consideration, and the Board will then make a decision as to whether the Director shall be eligible to be re-appointed as a Director; and

   (b) if the Director proposed to be re-appointed or re-elected due to retirement by rotation under the Articles is an independent non-executive Director who has served the Board for more than 9 years, the Nomination Committee shall also assess whether the Director has remained independent in the context of the Listing Rules and should be re-elected at the next general meeting of the Company and make recommendations to the Board for consideration. The Board will then make a decision as to whether the Director has remained independent in the context of the Listing Rules, and if so, recommend the proposed re-appointment/re-election of the Director to the Shareholders for consideration at the next general meeting of the Company.

Pursuant to code provision C.1.5 of the CG Code, the Directors have disclosed to the Company at the time of their appointments and from time to time thereafter the number and nature of offices held in public companies or organisations, other significant commitments, and the identity of the public companies or organisations involved.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties as set out in paragraph A.2.1 of the CG Code. These duties include (i) to develop and review the policies and practices on corporate governance of the Group; (ii) to review and monitor the training and continuous professional development of the Directors and senior management; (iii) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements; (iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Directors and employees; and (v) to review the Company's compliance with the CG Code and disclosure in the corporate governance report of the Company. During the Year, the Board reviewed and performed these corporate governance functions.

Corporate Governance Report

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in the Model Code for Securities Transaction by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "**Model Code**"). In response to the specific enquiry made by the Company, all Directors have confirmed that they have complied with the Model Code during the Year.

CONTINUOUS PROFESSIONAL DEVELOPMENT FOR DIRECTORS

Directors must keep abreast of their collective responsibilities. During the Year, each Director received training of the statutory and regulatory obligations of a director of a listed company in Hong Kong. The Directors are continually updated with business and market changes, and legal and regulatory developments to facilitate the discharge of their responsibilities through various Board meetings, resolutions, memoranda, Board papers, and updates on corporate governance practices and director's responsibilities under the Listing Rules, applicable laws and other relevant statutory requirements.

During the Year, in accordance with code provision C.1.4 of the CG Code, the Board members participated in the following training programmes:

	Types of training	
Name of Directors	**Attending training(s)/ seminar(s)/ in-house briefing(s)**	**Reading materials updating on new rules and regulations**
Executive Directors		
Ngai Ka Yee	√	√
Ngai Shi Shing Godfrey	√	√
Lau Kwok Wo	√	√
Independent Non-executive Directors		
Or Kevin	√	√
Wu Wing Fong	√	√
Wong Chun Kit	√	√

DIRECTORS AND OFFICERS INSURANCE

Appropriate insurance covers on Directors' and officers' liabilities have been in force to protect the Directors and officers of the Group from their risk exposure arising from the business of the Group and, as at the date of this annual report, the Directors and officers of the Company are indemnified under a directors' and officers' liability insurance against any liability incurred by them in discharge of their duties while holding office as the Directors and officers of the Company. The Directors and officers of the Company shall not be indemnified where there is any fraud, breach of duty or breach of trust proven against them.

COMPANY SECRETARY

The Company Secretary functions to ensure a good information flow within the Board and between the Board and senior management of the Company, to provide advice to the Board in relation to the Directors' obligations under the Listing Rules and applicable laws and regulations and to assist the Board in implementing the corporate governance practices. Mr. Kwok, the Company Secretary, has attended not less than 15 hours of relevant professional training as required under Rule 3.29 of the Listing Rules during the Year.

Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges that it is responsible for monitoring the risk management and internal control systems of the Group on an ongoing basis and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. There is currently no internal audit functions within the Group, in light of nature and complexity of the business of the Group.

During the Year, the Board, through an independent external consulting firm, conducted an annual review of both design and implementation effectiveness of the risk management and internal control systems of the Group, covering all material controls including but not limited to financial, operational and compliance controls. Such annual review was done with a view to ensuring that resources, staff qualifications and experience, training programmes and budget of the Group's accounting, financial reporting functions as well as those relating to the Group's environmental, social and governance performance and reporting are adequate.

The results of the independent review and assessment are reported by the Audit Committee to the Board. Improvements in internal control and risk management measures to enhance the risk management and internal control systems of the Group and to mitigate risks of the Group are recommended for consideration and adoption by the Board. Based on the findings and recommendations, as well as the comments of the Audit Committee, the Board considers the internal control and risk management systems to be effective and adequate during the Year.

A discussion on the principal types of financial risks which the Group is facing is included in note 3 to the audited consolidated financial statements in this annual report and the "Principal Risks and Uncertainties" section contained in the Report of the Directors in this annual report.

For compliance with code provision D.2.4(e) of the CG Code, the Company has adopted the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission as its own guidelines in handling and dissemination of inside information. Unauthorised use of confidential information is strictly prohibited. The Group has established procedures to identify and evaluate events or circumstances which potentially involve or constitute inside information. Prior to disclosure, the Board is responsible for ensuring that any inside information relating to the Group is kept strictly confidential and restricting access to inside information to a limited number of parties on a need-to-know basis. The Group would strive to ensure disclosure of inside information to be made in a manner that provides for equal, timely and effective access by the public.

AUDITOR'S REMUNERATION AND RESPONSIBILITIES

The Company has appointed PricewaterhouseCoopers as the external Auditor. The remuneration paid or payable to PricewaterhouseCoopers in respect of the Group's annual audit services for the Year amounted to approximately HK$2,100,000 and other non-audit services for the Year amounted to approximately HK$261,000. The reporting responsibilities of PricewaterhouseCoopers are set out in the section "Independent Auditor's Report" on pages 55 to 58 of this annual report.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with its Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable Shareholders and investors to make the best investment decisions.

The disclosure of the Group's information in a reasonable and time manner by the Board is to facilitate the Shareholders as well as the investors to have a better understanding of the business performance, operations and strategies of the Group. The Company's website at www.katoelderly.com allows the potential and existing investors as well as the public to get access to and acquire the Company's up-to-date corporate and financial information.

Shareholders are provided with contact details of the Company, such as telephone hotline, email address and postal address, in order to enable them to make any queries that they may have with respect to the Company.

Shareholders can also send their enquiries to the Board through these means. The contact details of the Company are provided in this annual report in the "Corporate Information" section of this annual report and the Company's website for further details.

The Board welcomes views of Shareholders and encourages them to attend general meetings of the Company to raise any concerns that they may have with the Board or the management directly. Board members and appropriate senior staff of the Group are available at the meetings to answer any questions raised by Shareholders.

Having considered the multiple channels of communication and engagement in place, it is satisfied that the shareholders communication policy of the Company was effective during the Year.

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

To safeguard Shareholders' interests and rights, separate resolutions are proposed at general meetings of the Company on each substantial issue, including the election of individual Directors, for Shareholders' consideration and voting. Besides, pursuant to article 58 of the Articles, the Board may whenever it thinks fit to call extraordinary general meetings. Any one or more members holding at the date of deposit of the requisition of not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders may send written enquiries to the Company or put forward any enquiries or proposals to the Board. The contact details are as follows:

Board of Directors
Kato (Hong Kong) Holdings Limited
Address: 1st Floor, Tung Wai Court, No. 3 Tsing Ling Path, Tuen Mun, New Territories, Hong Kong
Fax No.: (852) 3585 2908

To put forward proposals at an annual general meeting or a general meeting of the Company, the Shareholders shall submit a written notice of those proposals with detailed contact information to the Board or the Company Secretary at the Company's principal place of business in Hong Kong.

The request will be verified with the Company's branch share registrar in Hong Kong and upon its confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the proposed resolution in the agenda for the general meeting of the Company.

Moreover, the notice period concerning the notice to be given to all the Shareholders for consideration of the proposals submitted by the Shareholders concerned varies as follows pursuant to article 59 of the Articles:

(a) for an annual general meeting of the Company, it shall be called by notice of not less than twenty-one (21) clear days; and

(b) for all other general meetings of the Company, it shall be called by notice of not less than fourteen (14) clear days,

shall be given in the manner mentioned in the Articles to all Shareholders, Directors and Auditor.

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the Company's principal place of business in Hong Kong and provide their full names, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

CONSTITUTIONAL DOCUMENTS

The fifth amended and restated Articles were adopted by special resolution at the annual general meeting of the Company held on 10 September 2025 to, inter alia, (i) facilitate electronic communication; (ii) facilitate electronic and hybrid general meetings; (iii) allow the Company to hold treasury shares it repurchases or acquires; and (iv) incorporate certain housekeeping changes.

Save as disclosed, there were no changes made to the Articles during the Year.

Report of the Directors

The Board is pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 31 March 2026 (the "**Year**").

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal subsidiaries of the Company are established operators of residential care homes for the elderly in Hong Kong, providing a comprehensive range of residential care services and day care services for the elderly.

RESULTS AND DIVIDEND

Details of the audited consolidated financial results of the Group for the Year are set out in the consolidated statement of profit or loss and the consolidated statement of comprehensive income on pages 59 to 60 of this annual report.

The Board has recommended the declaration of a final dividend of HK3.0 cents per share of the Company (the "**Share**") for the Year (Previous Year: HK2.0 cents per Share) to the Shareholders. The proposed final dividend, subject to the approval of the Shareholders, is expected to be paid on Tuesday, 29 September 2026 to the Shareholders whose names appear on the register of members of the Company on Friday, 18 September 2026.

The Board had resolved not to recommend the payment of an interim dividend for the six months ended 30 September 2025 (six months ended 30 September 2024: Nil).

CLOSURE OF REGISTER OF MEMBERS

For determining Shareholders' entitlement to attend and vote at the AGM of the Company to be held on Wednesday, 9 September 2026, the record date of the AGM is Wednesday, 9 September 2026 and the register of members of the Company will be closed from Friday, 4 September 2026 to Wednesday, 9 September 2026, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer of the Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not later than 4:00 p.m. on Thursday, 3 September 2026.

For determining Shareholders entitlement to the proposed final dividend (subject to approval by the Shareholders at the AGM), the record date of final dividend is Friday, 18 September 2026 and the register of members of the Company will be closed from Wednesday, 16 September 2026 to Friday, 18 September 2026, both dates inclusive, during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not later than 4:00 p.m. on Tuesday, 15 September 2026.

BUSINESS REVIEW

A discussion and analysis of the Group's performance during the Year, the key factors affecting its results and financial position, and the information on the compliance with laws and regulations, environmental policy and relationships with stakeholders are set out in the section headed "Management Discussion and Analysis" of this annual report. Furthermore, a fair review of, and an indication of likely future development in the Group's business, are set out in the sections headed "Chairman's Statement" of this annual report.

Report of the Directors

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operation, business and prospects may be affected by a number of risks and uncertainties. The followings are the key risks and uncertainties identified by the Group relating to its businesses:

— in the event that any residential care home for the elderly licences are suspended, cancelled or not renewed, or if the Group is unable to obtain new licence for newly established care and attention home, the Group's ability to sustain or expand its operations may be adversely affected;

— the Group derives a significant portion of its revenue from the Social Welfare Department of the Government;

— the Group's operations are highly reliant on its reputation within the residential care home for the elderly industry. Any negative publicity arising from caretaking incidents, accidents or legal proceedings may materially and adversely affect its reputation;

— the Group is required to comply with staffing requirements and its performance depends on its ability to recruit and retain qualified staff. In addition, the residential care home for the elderly industry in Hong Kong is experiencing with labour shortage, which may adversely affect the labour costs;

— as the Group leases majority of the properties for operating its care and attention homes, of which, six of the care and attention homes for the elderly were leased from the controlling Shareholders (as defined in the Listing Rules) (the "**Controlling Shareholder(s)**"). There is no assurance that the tenancy agreements will be successfully renewed upon expiry or renewed on comparable term or will not be early terminated. The Group is also subject to risk of rental price fluctuation in the property market in Hong Kong;

— the Group has limited or no control over the quality of pharmaceuticals, medical equipment, consumables and other supplies used in its operations, and cannot guarantee that such products are free from defects, counterfeit issues or non-compliance with applicable quality standards;

— the Group may not continue to receive government subsidies in the future, and any reduction or cessation of such subsidies may adversely affect the financial position; and

— media coverage of incidents involving abuse of residents in private RCHEs has heightened public concern and contributed to negative perception regarding service quality in the sector, which may influence customers' decision when selecting residential care services.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 128 of this annual report. This summary does not form part of the audited consolidated financial statements.

SUBSIDIARIES

Details (including the principal activities) of the Company's principal subsidiaries as at 31 March 2026 are set out in note 28(a) to the audited consolidated financial statements in this annual report.

PROPERTY AND EQUIPMENT

Details of the movements in property and equipment of the Group during the Year are set out in note 12 to the audited consolidated financial statements.

Report of the Directors

CHARITABLE DONATIONS

Charitable and other donations made by the Group during the Year amounted to approximately HK$0.7 million (2025: HK$0.9 million).

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 March 2026, the Company's distributable reserves available for distribution is approximately HK$299.2 million (2025: HK$351.6 million).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders unless otherwise required by the Stock Exchange.

SHARE CAPITAL AND EQUITY-LINKED AGREEMENT

Details of the movements in share capital of the Company during the Year are set out in note 19(a) to the audited consolidated financial statements.

Save as disclosed in "Share Option Scheme" below, the Company has not entered into any equity-linked agreements during the Year.

DIRECTORS

During the Year and up to the date of this annual report, the Directors are named as follows:

Executive Directors

Ngai Ka Yee
Ngai Shi Shing Godfrey *(Chairman and Chief Executive Officer)*
Lau Kwok Wo

Independent non-executive Directors

Or Kevin
Wu Wing Fong
Wong Chun Kit

According to article 84 of the Articles, one-third of the Directors for the time being, or if their number is not a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation at every annual general meeting. A retiring Director shall be eligible for re-election. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself/herself for re-election.

Accordingly, Mr. Ngai Shi Shing Godfrey and Mr. Lau Kwok Wo shall retire as the Directors pursuant to article 84 of the Articles and, being eligible, offer themselves for re-election at the AGM. Mr. Ngai Shi Shing Godfrey and Mr. Lau Kwok Wo will offer themselves for re-election as Director at the AGM.

Report of the Directors

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Director an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent during the Year.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 17 to 19 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of Ms. Ngai Ka Yee and Mr. Ngai Shi Shing Godfrey, being the executive Directors, has entered into a service contract with the Company on 20 May 2019 for an initial term of three years, commencing from the Listing Date (subject to termination in certain circumstances as stipulated in the relevant service contacts) and renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term, subject to the rotation, removal, vacation or termination of such office as set out in the Articles.

Mr. Lau Kwok Wo, being an executive Director, has entered into a service contract with the Company on 2 April 2024 for an initial term of three years, commencing from 2 April 2024 and subject to the rotation, removal, vacation or termination of such office as set out in the Articles.

Mr. Or Kevin, being the independent non-executive Director, has entered into a letter of appointment with the Company on 20 May 2019 for a fixed term of two years, commencing from the Listing Date (subject to termination in certain circumstances as stipulated in the relevant letter of appointments) and renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term, subject to the rotation, removal, vacation or termination of such office as set out in the Articles.

Each of Ms. Wu Wing Fong and Mr. Wong Chun Kit, being the independent non-executive Directors, has entered into a letter of appointment with the Company on 6 August 2022 and 13 December 2024 respectively for an initial term of two years, commencing from 8 August 2022 and 13 December 2024 respectively (subject to termination in certain circumstances as stipulated in the relevant letters of appointments) and renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term, subject to the rotation, removal, vacation or termination of such office as set out in the Articles.

None of the Directors who are proposed for re-election at the AGM has a service contract or letter of appointment with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Report of the Directors

DIVIDEND POLICY

The Company has adopted a dividend policy (the "**Dividend Policy**") that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its Shareholder value. The Board may distribute dividends by way of cash or by other means that it considers appropriate. The Board shall also take into account the following factors of the Group when considering the declaration and payment of dividends:

(i) financial results;

(ii) cash flow situation;

(iii) business conditions and strategies;

(iv) future operations and earnings:

(v) capital requirements and expenditure plans;

(vi) interests of Shareholders;

(vii) any restrictions on payment of dividends; and

(viii) any other factors that the Board may consider relevant.

TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed in notes 8 and 17 to the audited consolidated financial statements in this annual report, no transactions, arrangements and contracts of significance in relation to the business of the Group to which the Company, or its holding company, or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year, nor was there any transaction, arrangement or contract of significance for the provision of services to the Company or any of its subsidiaries by a Controlling Shareholder or any of its subsidiaries for the Year. There was also no contract of significance between the Company or one of the subsidiaries and the Controlling Shareholders or any of its subsidiaries.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the Year.

DIRECTORS' EMOLUMENTS

Details of the remuneration of the Directors on a named basis during the Year are set out in note 8(a) to the audited consolidated financial statements in this annual report.

Report of the Directors

EMOLUMENT POLICY

Under the emolument policy of the Company, the Remuneration Committee will consider factors such as salaries paid by comparable companies, time commitment, responsibilities and performance of the Directors and senior management, as the case may be, in assessing the amount of remuneration payable to the Directors and members of the senior management. The Remuneration Committee will periodically review the compensation levels of the key executives. Based on the performance and the executives' respective contribution to the Group, the Remuneration Committee may, within the aggregate remuneration amount having been approved in a Shareholders' meeting, make recommendations to the Board as to salary increases or payment of discretionary bonuses.

The Company has adopted a share option scheme to grant options to eligible participants as incentives or rewards for their contribution to the Group. Details of the scheme are set out in the paragraph headed "Share Option Scheme" below.

The Company provides a comprehensive benefit package for all employees as well as career development opportunities. This includes retirement schemes, medical insurance, other insurances, staff quarter, in-house training, on-the job training, external seminars and programmes organised by professional bodies and educational institutions.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts.

During the Year, appropriate insurance covers on Directors' and officers' liabilities was in force to protect the Directors and officers of the Group from their risk exposure arising from the business of the Group.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATIONS

As at 31 March 2026, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in Appendix C3 to the Listing Rules, were as follows:

Name of Directors	Nature of interests	Number of Shares held[1]	Total	Percentage of shareholding in the Company's issued share capital[5] (%)
Ms. Ngai Ka Yee	Settlor of a family trust Beneficiary owner	626,096,000 (L)[2] 10,000,000 (L)[3]	636,096,000	63.61%
Mr. Ngai Shi Shing Godfrey ("**Mr. Ngai**")	Beneficiary of a family trust Beneficiary owner	626,096,000 (L)[2] 32,684,000 (L)[4]	658,780,000	65.88%

Notes:

(1) The letter "L" denotes a long position in the Shares.

(2) These Shares are held by Sheung Fung Limited ("**Sheung Fung**"), which is wholly owned by Shi Fung (PTC) Limited (the "**Trustee**"), the trustee of a family trust, namely, The Kwong and Ngai Family Trust which was established pursuant to the trust deed dated 19 March 2018 as amended and supplemented by a deed of variation of removal of beneficiaries dated 17 July 2018 (the "**Family Trust**"). Ms. Ngai Ka Yee is the settlor of the Family Trust and Mr. Ngai is the sole beneficiary of the Family Trust. By virtue of the SFO, Ms. Ngai Ka Yee and Mr. Ngai are deemed to be interested in the Shares held by Sheung Fung.

(3) It represents the interests in underlying shares in respect of the share option granted by the Company, details of which are disclosed in the paragraph headed "Share Option Scheme" below. Ms. Ngai Ka Yee has 10,000,000 share options.

(4) It represents 22,684,000 Shares held by Mr. Ngai and 10,000,000 underlying shares granted to Mr. Ngai in respect of the share option granted by the Company, details of which are disclosed in the paragraph headed "Share Option Scheme" below.

(5) The approximate percentages were calculated based on 1,000,000,000 Shares in issue as at 31 March 2026.

Save as disclosed above, as at 31 March 2026, none of the Directors nor chief executive of the Company has registered an interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required 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 were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed under the paragraphs headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or Any Specified Undertaking of the Company or Any Other Associated Corporations" above, at no time during the Year were any rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or the chief executive of the Company or any of their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS OF THE COMPANY AND OTHER PERSONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATIONS

So far as the Directors are aware, as at 31 March 2026, the following persons (not being Directors or chief executive of the Company) will have or be deemed or taken to have an interest or short position in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO:

Name of shareholders	**Nature of interests**	**Number of Shares held**[(1)]	**Percentage of shareholding in the Company's issued share capital**[(5)] (%)
Sheung Fung	Beneficial owner	626,096,000 (L)	62.61%
The Trustee	Trustee	626,096,000 (L)[(2)]	62.61%
Ms. Wei Xiaoling	Interest of spouse	658,780,000 (L)[(3)]	65.88%
Mr. Lam Kong ("**Mr. Lam**")	Beneficial owner	70,202,000 (L)[(4)]	7.02%

Notes:

(1) The letter "L" denotes a long position in the Shares.

(2) These Shares are held by Sheung Fung, which is wholly owned by the Trustee. Ms. Ngai Ka Yee is the settlor of the Family Trust and Mr. Ngai is the sole beneficiary of the Family Trust. By virtue of the SFO, the Trustee, Ms. Ngai Ka Yee and Mr. Ngai are deemed to be interested in the Shares held by Sheung Fung.

(3) Ms. Wei Xiaoling is the spouse of Mr. Ngai and is deemed to be interested in the Shares which are interested by Mr. Ngai under the SFO.

(4) It represents 60,202,000 Shares held by Mr. Lam and 10,000,000 underlying shares granted to him in respect of the share option granted by the Company, details of which are disclosed in the paragraph headed "Share Option Scheme" below.

(5) The approximate percentages were calculated based on 1,000,000,000 Shares in issue as at 31 March 2026.

Save as disclosed above, as at 31 March 2026, the Directors were not aware of any other persons who had any interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO, and/or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

SHAREHOLDERS' INTERESTS IN SECURITIES OF SIGNIFICANCE

Other than the interests disclosed above in respect of the substantial Shareholders, as at 31 March 2026, no other person is individually or collectively entitled to exercise or control the exercise of 5% or more of the voting power at the general meetings of the Company and are able, as a practicable manner, to direct or influence the management of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of revenue for the Year generated from the Group's major customers is as follows:

— The largest customer	44.7%
— Five largest customers	46.6%

The percentage of cost of services for the Year attributable to the Group's major suppliers is as follows:

— The largest supplier	24.7%
— Five largest suppliers	69.1%

None of the Directors or any of their associates (as defined under Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) has any beneficial interest in the Group's five largest suppliers or the Group's five largest customers for the Year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares during the Year (including sale of treasury shares). As at 31 March 2026, no treasury shares were held by the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in the Model Code for Securities Transaction by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "**Model Code**"). In response to the specific enquiry made by the Company, all Directors have confirmed that they have complied with the Model Code during the Year.

COMPETING INTERESTS

During the Year and up to the date of this annual report, none of the Directors or the Controlling Shareholders or substantial Shareholders (as defined in the Listing Rules) or their respective close associates (as defined in the Listing Rules) were considered to have any interests in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group and/or caused, or was likely to cause any other conflicts of interest with the Group.

NON-COMPETITION UNDERTAKING

The Company confirms that the deed of non-competition (the "**Deed**") of each of Sheung Fung, Ms. Ngai Ka Yee and Mr. Ngai (collectively constituting the Controlling Shareholders), details of which were set out in the Prospectus, has been fully complied and enforced during the Year and up to the date of this annual report. The Company has obtained an annual written confirmation from each of the Controlling Shareholders in relation to their compliance with the terms of the Deed. The independent non-executive Directors confirmed that they have reviewed the compliance with the terms of the Deed by the Controlling Shareholders and the enforcement of the Deed given by the Controlling Shareholders and are satisfied that the Controlling Shareholders have complied with the terms of the Deed. The Board also confirms that there are no other matters in relation to the aforesaid undertaking which should be brought to the attention of the Shareholders and the potential investors of the Group.

SHARE OPTION SCHEME

The following is a summary of the principal terms of the share option scheme (the "**Share Option Scheme**") conditionally approved and adopted in compliance with Chapter 17 of the Listing Rules by written resolutions of all the Shareholders passed on 20 May 2019. The following summary does not form, nor is intended to be, part of the Share Option Scheme, nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme.

(i) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group.

(ii) Who may join

The Directors (which expression shall, for the purpose of this paragraph, include a duly authorised committee thereof) may, at their absolute discretion, invite any person belonging to any of the following classes of participants ("**Eligible Participants**"), to take up options to subscribe for Shares:

(aa) any employee (whether full-time or part-time, including any executive Director but excluding any non-executive Director) of the Company, any of its subsidiaries (the "**Subsidiaries**") or any entity (the "**Invested Entity**") in which the Group holds an equity interest (the "**SOS Eligible Employee(s)**");

(bb) any non-executive Director (including independent non-executive Directors) of the Company, any Subsidiary or any Invested Entity;

(cc) any supplier of goods or services to any member of the Group or any Invested Entity;

(dd) any customer of any member of the Group or any Invested Entity;

(ee) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;

(ff) any Shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

(gg) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (hh) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement and growth of the Group, and, for the purposes of the Share Option Scheme, the options may be granted to any company wholly owned by one or more Eligible Participants. For the avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of the Group to any person who falls within any of the above classes of Eligible Participants shall not, by itself, unless the Directors otherwise determined, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of the Eligible Participants to the grant of options shall be determined by the Directors from time to time on the basis of the Directors' opinion as to his/her contribution to the development and growth of the Group.

(iii) Maximum number of Shares

(aa) The maximum number of Shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group shall not exceed 30% of the issued share capital of the Company from time to time.

(bb) The total number of Shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue on the day on which dealings in the Shares first commence on the Stock Exchange (i.e. not exceeding 100,000,000 Shares) (the "**General Scheme Limit**").

(cc) Subject to paragraph (aa) above but without prejudice to paragraph (dd) below, the Company may issue a circular to its Shareholders and seek approval of its Shareholders in general meeting of the Company to refresh the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share options scheme of the Group shall not exceed 10% of the Shares in issue as at the date of approval of the limit and for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of the Group) previously granted under the Share Option Scheme and any other share option scheme of the Group will not be counted. The circular sent by the Company to its Shareholders shall contain, among other information, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under note 5 of Rule 13.52(2) of the Listing Rules.

(dd) Subject to paragraph (aa) above and without prejudice to paragraph (cc) above, the Company may seek separate Shareholders' approval in general meeting to grant options beyond the General Scheme Limit or, if applicable, the refreshed limit referred to in (cc) above to Eligible Participants specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to its Shareholders containing a general description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under note 5 of Rule 13.52(2) of the Listing Rules.

(iv) Maximum entitlement of each participant

Subject to paragraph (v)(bb) below, the total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being ("**Individual Limit**"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders' approval in general meeting of the Company with such participant and his close associates (or his associates if the participant is a connected person) abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders' approval and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under Rule 17.03E of the Listing Rules.

(v) Grant of options to connected persons

(aa) Without prejudice to paragraph (bb) below, any grant of options under the Share Option Scheme to a Director, chief executive or substantial Shareholder of the Company or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the option).

(bb) Without prejudice to paragraph (aa) above, where any grant of options to a substantial Shareholder or an independent non-executive Director or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% of the Shares in issue; and

(ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5 million,

such further grant of options must be approved by the Shareholders in general meeting of the Company. The Company must send a circular to the Shareholders. The grantee, his/her associates and all connected persons of the Company must abstain from voting in favour at such general meeting. Any change in the terms of options granted to a substantial Shareholder or an independent non-executive Director or any of their respective associates must be approved by the Shareholders in general meeting.

(vi) Time of acceptance and exercise of option

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

(vii) Performance targets

Unless the Directors otherwise determined and stated in the offer of the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Share Option Scheme can be exercised.

(viii) Subscription price for Shares and consideration for the option

The subscription price per Share under the Share Option Scheme shall be determined at the discretion of the Directors, provided that it shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

A nominal consideration of HK$1 is payable on acceptance of the grant of an option, with no deadline specified.

(ix) Ranking of Shares

(aa) Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the Articles and will rank pari passu in all respects with the fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefore shall be before the Exercise Date. A Share allotted and issued upon the exercise of an option shall not carry voting rights until the completion of the registration of the grantee on the register of members of the Company as the holder thereof.

(bb) Unless the context otherwise requires, references to "Shares" in this paragraph include references to Shares in the ordinary share capital of the Company of such nominal amount as shall result from a sub-division, consolidation, re-classification, reduction or re-construction of the share capital of the Company from time to time.

(x) Restrictions on the time of grant of options

The Company may not make any offer for grant of options after inside information has come to our knowledge until the Company has announced the information. In particular, the Company may not make any offer during the period commencing one month immediately before the earlier of (aa) the date of the meeting of the Board (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (bb) the deadline for the Company to announce the results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement.

The Directors may not make any offer to an Eligible Participant who is a Director during the periods or times in which Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

(xi) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted. As at 31 March 2026, the remaining life of the Share Option Scheme is approximately 3 years 2 months.

(xii) Rights on ceasing employment

If the grantee of an option is a SOS Eligible Employee and ceases to be a SOS Eligible Employee for any reason other than death, ill-health or retirement in accordance with his/her contract of employment or for serious misconduct or other grounds referred to in sub-paragraph (xiv) below before exercising his/her option in full, the option (to the extent not already exercised) will lapse on the date of cessation and will not be exercisable unless the Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as the Directors may determine following the date of such cessation, which will be taken to be the last day on which the grantee was at work with the Company, the relevant Subsidiary or the Invested Entity whether salary is paid in lieu of notice or not.

(xiii) Rights on death, ill-health or retirement

If the grantee of an option is a SOS Eligible Employee and ceases to be a SOS Eligible Employee by reason of his/her death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his/her personal representative(s), or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of cessation which date shall be the last day on which the grantee was at work with the Company, the relevant Subsidiary or the Invested Entity whether salary is paid in lieu of notice or not or such longer period as the Directors may determine.

(xiv) Rights on dismissal

If the grantee of an option is a SOS Eligible Employee and ceases to be a SOS Eligible Employee by reason that he has been guilty of persistent and serious misconduct or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his/her creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the grantee or the Group or the Invested Entity into disrepute), his/her option will lapse automatically and will not in any event be exercisable on or after the date of cessation to be a SOS Eligible Employee.

(xv) Rights on breach of contract

If the Directors shall at their absolute discretion determine that (aa) the grantee of any option (other than a SOS Eligible Employee) or his/her close associate (or his associates if the grantee is a connected person) has committed any breach of any contract entered into between the grantee or his/her close associate on the one part and the Group or any Invested Entity on the other part; or (bb) that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (cc) the grantee could no longer make any contribution to the growth and development of the Group by reason of the cessation of its relations with the Group or by other reason whatsoever, then the option granted to the grantee under the Share Option scheme shall lapse as a result of any event specified in sub-paragraph (aa), (bb) or (cc) above.

(xvi) Rights on a general offer, a compromise or arrangement

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, Shareholders. If such offer becomes or is declared unconditional, a grantee shall be entitled to exercise his/her option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company in exercise of his/her option at any time before the close of such offer (or any revised offer) or the record date for entitlements under such scheme of arrangement, as the case may be. Subject to the above, an option will lapse automatically (to the extent not exercised) on the date on which such offer (or, as the case may be, revised offer) closes or the relevant record date for entitlements under the scheme of arrangement, as the case may be.

(xvii) Rights on winding up

In the event of a resolution being proposed for the voluntary winding-up of the Company during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two business days before the date on which such resolution is to be considered and/or passed, exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the Share Option Scheme and the Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his option not less than one business day before the date on which such resolution is to be considered and/or passed whereupon the grantee shall accordingly be entitled, in respect of the Shares allotted and issued to him/her in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation pari passu with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up of the Company.

(xviii) Grantee being a company wholly owned by Eligible Participants

If the grantee is a company wholly owned by one or more Eligible Participants:

(i) sub-paragraphs (xii), (xiii), (xiv) and (xv) shall apply to the grantee and to the options to such grantee, mutatis mutandis, as if such options had been granted to the relevant Eligible Participant, and such options shall accordingly lapse or fall to be exercisable after the event(s) referred to in sub-paragraphs (xii), (xiii), (xiv) and (xv) shall occur with respect to the relevant Eligible Participant; and

(ii) the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly owned by the relevant Eligible Participant provided that the Directors may in their absolute discretion decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

(xix) Adjustments to the subscription price

In the event of a capitalisation issue, rights issue, subdivision or consolidation of Shares or reduction of capital of the Company whilst an option remains exercisable, such corresponding alterations (if any) certified by the Auditors for the time being of or an independent financial adviser to the Company as fair and reasonable will be made to the number or nominal amount of Shares, the subject matter of the Share Option Scheme and the option so far as unexercised and/or the option price of the option concerned, provided that (i) any adjustments shall give a grantee the same proportion of the issued share capital to which he/she was entitled prior to such adjustment; (ii) no alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and (iii) the issue of Shares or other securities of the Group as consideration in a transaction may not be regarded as a circumstance requiring adjustment. In addition, in respect of any such adjustments, other than any made on a capitalisation issue, such Auditors or independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules and such other applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange.

(xx) Cancellation of options

Any cancellation of options granted but not exercised must be subject to the prior written consent of the relevant grantee and the approval of the Directors.

When the Company cancels any option granted to a grantee but not exercised and issues new option(s) to the same grantee, the issue of such new option(s) may only be made with available unissued options (excluding the options so cancelled) within the General Scheme Limit or the new limits approved by the Shareholders pursuant to sub-paragraphs (iii)(cc) and (dd) above.

(xxi) Termination of the Share Option Scheme

The Company may by resolution in general meeting of the Company at any time terminate the Share Option Scheme and in such event no further options shall be offered but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(xxii) Rights are personal to the grantee

An option is personal to the grantee and shall not be transferable or assignable.

(xxiii) Lapse of options

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

(aa) the expiry of the period referred to in paragraph (vi);

(bb) the expiry of the periods or dates referred to in paragraphs (xii), (xiii), (xiv), (xv), (xvii) and (xviii); and

(cc) the date on which the Directors shall exercise the Company's right to cancel the option by reason of a breach of paragraph (xxii) by the grantee in respect of that or any other options.

(xxiv) Vesting Period

The Board may in its absolute discretion impose any condition(s) as it deems appropriate with respect to the grant of options to the Eligible Participants, including but not limited to the vesting period (if any).

(xxv) Others

(aa) The Share Option Scheme is conditional on the listing committee of the Stock Exchange granting the listing of and permission to deal in, such number of Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such number being not less than that of the General Scheme Limit.

(bb) The terms and conditions of the Share Option Scheme relating to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees of the options except with the approval of the Shareholders in general meeting.

(cc) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

(dd) The amended terms of the Share Option Scheme or the options shall comply with the relevant requirements of Chapter 17 of the Listing Rules, the "Supplementary Guidance on Main Board Listing Rule 17.03(13)/GEM Listing Rule 23.03(13) and the Note Immediately After the Rule" set out in the letter from the Stock Exchange to all listed issuers dated 5 September 2005 and other relevant guidance of the Stock Exchange.

(ee) Any change to the authority of the Directors or the scheme administrators in relation to any alteration to the terms of the Share Option Scheme shall be approved by the Shareholders in general meeting.

Movements in the outstanding share options granted under the Share Option Scheme during the Year are set out below:

Date of Grant (dd/mm/yyyy)	Name of Grantees	Position/Capacity	Number of Shares over which Share Options are Exercisable: Balance as at 1 April 2025	Granted during the Year	Exercised during the Year	Lapsed during the Year	Cancelled/ Forfeited during the Year	Balance as at 31 March 2026	Exercise Price Per Share *(Note 1)*	Vested Date (dd/mm/ yyyy)	Expiry Date (dd/mm/ yyyy)
22/03/2022	Mr. Ngai Shi Shing Godfrey	Chairman of the Board, Executive Director, chief executive officer and substantial Shareholder	10,000,000	–	–	–	–	10,000,000	HK$0.6	22/03/2025	22/03/2032
22/03/2022	Ms. Ngai Ka Yee	Executive Director and substantial Shareholder	10,000,000	–	–	–	–	10,000,000	HK$0.6	22/03/2025	22/03/2032
22/03/2022		Other eligible employees	40,000,000	–	–	–	–	40,000,000	HK$0.6	22/03/2025	22/03/2032
			60,000,000	–	–	–	–	60,000,000			

Note:

(1) The closing price of the Shares immediately before the date on which the share options were granted (i.e. 22 March 2022) was HK$0.6 per share.

During the Year, no share option was granted, exercised, lapsed, cancelled or forfeited under the Share Option Scheme, and as at 31 March 2026, 60,000,000 share options were granted to the Directors and other eligible employees.

As at 31 March 2026, the total number of options available for grant at the beginning and the end of the Year under the Share Option Scheme is 40,000,000 Shares, representing 4.0% of the total number of issued Shares as at the date of this annual report. There is no service provider sublimit set under the Share Option Scheme; and no share options were issued to service providers under Rule 17.03(3) of the Listing Rules.

The number of Shares that may be issued in respect of options granted under all schemes of the Company during the Year were 60,000,000. The weighted average number of Shares for the Year were 1,000,000,000. The number of Shares that may be issued in respect of options granted under the Share Option Scheme during the Year divided by the weighted average number of Shares in issue for the Year was 0.06.

AUDIT COMMITTEE

The Company has set up an Audit Committee on 20 May 2019 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the CG Code. The primary duties of the Audit Committee including, but not limited to, the followings: (i) making recommendations to the Board on the appointment and removal of the external Auditor; (ii) reviewing the financial statements of the Group and monitoring the integrity of such financial statements; and (iii) overseeing the financial reporting system and internal control procedures. The Audit Committee comprises three members, namely Mr. Or Kevin, Ms. Wu Wing Fong and Mr. Wong Chun Kit and all of them are independent non-executive Directors. The chairman of the Audit Committee is Mr. Or Kevin, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The audited consolidated financial statements of the Group for the Year have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the Listing Rules and legal requirements, and adequate disclosures have been made.

CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

During the Year, transactions between members of the Group and the connected persons have become connected transactions and a fully exempt continuing connected transaction of the Company under Chapter 14A of the Listing Rules. Details of the Group's continuing connected transaction and connected transactions are set out as follows.

Non-Exempt Connected Transactions

On 3 December 2024, the Group and the landlords entered into several second renewal letters (the "**Second Renewal Letters**") to renew the existing leases of the Group, including (i) Kato Elderly Home Tenancy, (ii) Kato Home for the Aged Tenancy, (iii) Fai To Home (On Lai) Tenancy, (iv) Fai To Home (Tuen Mun) Tenancy, (v) Tsuen Wan Centre Tenancy, (vi) Happy Luck Home Tenancy, (vii) Tsuen Wan Staff Quarters Tenancy, (viii) Kato Staff Quarters Tenancy, (ix) Staff Quarters Tenancy, and (x) Fai To Sino West Staff Quarters Tenancy (collectively, the "**Existing Leases**") with the respective landlords for a period from 1 April 2025 to 31 March 2028. The landlords of the Existing Leases include Mr. Ngai, Ms. Ngai Ka Yee, Mr. Lam Kong, Classic Mate Limited ("**Classic Mate**"), Kato Elderly Affairs Limited ("**Kato Elderly Affairs**"), Kato Property Limited ("**Kato Property**"), Perfect Cheer Investment Limited ("**Perfect Cheer**"), Shing Kong Limited ("**Shing Kong**") and Smarts Corporation Limited ("**Smarts Corporation**").

On 3 December 2024, Crawfield International Limited ("**Crawfield International**"), our indirect wholly owned subsidiary of the Company, entered into the Tsuen Wan warehouse tenancy agreement with Mr. Lam Kong in relation to the leasing of a warehouse and office located in Tsuen Wan (the "**Tsuen Wan Warehouse Tenancy Agreement**").

Mr. Ngai and Ms. Ngai Ka Yee are connected persons of the Company by virtue of being executive Directors and Controlling Shareholders. As Mr. Lam Kong is the brother of Mr. Ngai and a son of Ms. Ngai Ka Yee, he is regarded as an associate of Mr. Ngai and Ms. Ngai Ka Yee and therefore is a connected person of our Company. Therefore, (i) Classic Mate, Perfect Cheer, Shing Kong and Smarts Corporation are all companies incorporated in Hong Kong with limited liability and wholly owned by Four Rings Property Agency Limited, a company indirectly wholly owned by Ms. Ngai Ka Yee, and (ii) Kato Elderly Affairs and Kato Property are both owned as to 60% by Four Rings Property Agency Limited. As associates of Ms. Ngai Ka Yee, one of the Directors and Controlling Shareholders, all of Classic Mate, Perfect Cheer, Shing Kong, Smarts Corporation, Kato Elderly Affairs and Kato Property are connected persons of the Company.

As Mr. Ngai, Ms. Ngai Ka Yee, Mr. Lam Kong, Classic Mate, Kato Elderly Affairs, Kato Property, Perfect Cheer, Shing Kong and Smarts Corporation have been letting and will continue to let the premises to the Group on normal commercial terms, the transactions contemplated under the Second Renewal Letters and Tsuen Wan Warehouse Tenancy Agreement are considered as one-off connected transactions of the Company under Chapter 14A of the Listing Rules.

An extraordinary general meeting of the Company was convened on 19 February 2025, at which the Second Renewal Letters and Tsuen Wan Warehouse Tenancy Agreement and the transactions contemplated thereunder were duly approved and passed as ordinary resolutions of the Company by the independent Shareholders.

Details of the Second Renewal Letters and Tsuen Wan Warehouse Tenancy Agreement are set out in the table below and for further details thereof, please refer to the announcement of the Company dated 3 December 2024 and the circular of the Company dated 24 January 2025.

	Parties	Address	Size (Saleable floor area)	Use of Property	Monthly rental fee *(Note)*	Annual rental amounts (for the years ended/ ending 31 March)	Term
1	(i) Kato Kung Limited ("**Kato Kung**") as tenant; and (ii) Kato Elderly Affairs as landlord	Shops 8–12 on G/F and 1/F, Lakeshore Building, 7 Tseng Choi Street, Tuen Mun, New Territories, Hong Kong	Approx. 18,680 sq. ft.	Care and attention home for the elderly of Kato Home for the Elderly	HK$405,000 (approximately HK$21.68 per sq. ft.)	2026: HK$4,860,000 2027: HK$4,860,000 2028: HK$4,860,000	1 April 2025 to 31 March 2028
2	(i) Kato Kung as tenant; and (ii) Kato Property as landlord	1/F, Tung Wai Court, No. 3 Tsing Ling Path, Tuen Mun, New Territories, Hong Kong	Approx. 12,277 sq. ft.	Care and attention home for the elderly of Kato Home for the Aged	HK$198,000 (approximately HK$16.13 per sq. ft.)	2026: HK$2,376,000 2027: HK$2,376,000 2028: HK$2,376,000	1 April 2025 to 31 March 2028
3	(i) Crawfield International as tenant; and (ii) Classic Mate as landlord	Shops 1–17 on 1/F, On Lai Building, 3 Tsing To Path, Tuen Mun, New Territories, Hong Kong	Approx. 5,271 sq. ft.	Care and attention home for the elderly of Fai-To Home for the Aged (On Lai) Branch	HK$103,000 (approximately HK$19.54 per sq. ft.)	2026: HK$1,236,000 2027: HK$1,236,000 2028: HK$1,236,000	1 April 2025 to 31 March 2028
4	(i) Crawfield International as tenant; and (ii) Perfect Cheer as landlord	1/F, including Entrance on G/F, Florence Mansion, 6 Tsing Ling Path, Area 4B, Tuen Mun, New Territories, Hong Kong	Approx. 8,645 sq. ft.	Care and attention home for the elderly of Fai To Home for the Aged (Tuen Mun) Branch	HK$167,000 (approximately HK$19.32 per sq. ft.)	2026: HK$2,004,000 2027: HK$2,004,000 2028: HK$2,004,000	1 April 2025 to 31 March 2028
5	(i) Tsuen Wan Elderly Centre Limited ("**Tsuen Wan Centre**") as tenant; and (ii) Shing Kong as landlord	Shop C1, 1/F, Tsuen Wan Centre Shopping Arcade, 87–105 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong	Approx. 15,950 sq. ft.	Care and attention home for the elderly of Tsuen Wan Centre	HK$242,000 (approximately HK$15.17 per sq. ft.)	2026: HK$2,904,000 2027: HK$2,904,000 2028: HK$2,904,000	1 April 2025 to 31 March 2028
6	(i) Happy Luck Elderly Home Limited ("**Happy Luck**") as tenant; and (ii) Smarts Corporation as landlord	2nd Floor of Phase 1 of Commercial Development of Allway Gardens, Nos. 187–195 Tsuen King Circuit, Nos. 2–22 On Yat Street, Tsuen Wan, New Territories, Hong Kong	Approx. 15,729 sq. ft.	Care and attention home for the elderly of Happy Luck	HK$227,000 (approximately HK$14.43 per sq. ft.)	2026: HK$2,724,000 2027: HK$2,724,000 2028: HK$2,724,000	1 April 2025 to 31 March 2028

	Parties	Address	Size (Saleable floor area)	Use of Property	Monthly rental fee *(Note)*	Annual rental amounts (for the years ended/ ending 31 March)	Term
7	(i) Tsuen Wan Centre as tenant; and (ii) Mr. Ngai and Mr. Lam Kong as landlords	Flat C, 24/F, Block 9 (Nanking House), Tsuen Wan Centre, 89 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong	Approx. 425 sq. ft.	Staff quarters for Tsuen Wan Centre	HK$12,200 (approximately HK$28.71 per sq. ft.)	2026: HK$146,400 2027: HK$146,400 2028: HK$146,400	1 April 2025 to 31 March 2028
8	(i) Kato Kung as tenant; and (ii) Ms. Ngai and Kato Elderly Affairs as landlords	Rooms C and D on 2/F and Flat Roof, Lakeshore Building, 7 Tseng Choi Street, Tuen Mun, New Territories, Hong Kong	Approx. 8,257 sq. ft. (including flat roof area of 7,427 sq. ft.)	Staff quarters for Kato Home for the Elderly and Kato Home for the Aged	HK$29,700 (approximately HK$3.60 per sq. ft.)	2026: HK$356,400 2027: HK$356,400 2028: HK$356,400	1 April 2025 to 31 March 2028
9	(i) Happy Luck, Jane's Home Limited, Oriental Chinese Medicine Limited ("**Oriental Chinese**") and Tsuen Wan Centre as tenants; and (ii) Ms. Ngai as landlord	3/F, Four Sea Mansion, 11 Fa Yuen Street, Mongkok, Hong Kong	Approx. 799 sq. ft.	Staff quarters for Happy Luck, Pine Villa, Fai To Sino West Combined Home for the Aged ("**Fai To Sino West Home**") and Tsuen Wan Centre	HK$21,200 (approximately HK$26.53 per sq. ft.)	2026: HK$254,400 2027: HK$254,400 2028: HK$254,400	1 April 2025 to 31 March 2028
10	(i) Oriental Chinese as tenant; and (ii) Ms. Ngai as landlord	Room 10 on 3/F and Flat Roof, Tung Shun Hing Building, 22 Chi Kiang Street, Kowloon, Hong Kong	Approx. 266 sq. ft. (together with flat roof of 280 sq. ft.)	Staff quarters for Fai To Sino West Home	HK$5,000 (approximately HK$18.80 per sq. ft.)	2026: HK$60,000 2027: HK$60,000 2028: HK$60,000	1 April 2025 to 31 March 2028
11	(i) Crawfield International, as tenant; and (ii) Mr. Lam Kong, as landlord	Flat B, 3/F., Metropolitan Factory & Warehouse Building, 30–32 Chai Wan Kok Street, Tsuen Wan, New Territories, Hong Kong	Approx. 5,800 sq. ft.	Warehouse and office	HK$55,000 (approximately HK$9.48 per sq. ft.)	2026: HK$66,000 2027: HK$66,000 2028: HK$66,000	1 April 2025 to 31 March 2028

Note: The monthly rent is payable by the tenants each and every calendar month during the term of the Second Renewal Letters and Tsuen Wan Warehouse Tenancy Agreement.

Details of related party transactions of the Group during the Year are set out in note 17 to the audited consolidated financial statements in this annual report. During the Year, certain related party transactions set out in note 17 to the audited consolidated financial statements are regarded as connected transactions of the Company under Chapter 14A of the Listing Rules. Further, tenancy agreements for the right to use of certain staff quarters and day care centres granted to the Group constitutes as continuing connected transactions which falls within the de minimis threshold provided under the Listing Rules and is exempted from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Report of the Directors

SUFFICIENCY OF PUBLIC FLOAT

From the information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital is held by the public at all times throughout the Year to the date of this annual report.

TAX RELIEF

The Company is not aware of any relief from taxation to which the Shareholders are entitled by reason of their holding of the Shares.

CORPORATE GOVERNANCE CODE

The Company is committed to implementing good corporate governance practices. Information on the principal corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 20 to 33 of this annual report.

ANNUAL GENERAL MEETING

The AGM will be held at Flat B, 3/F., Metropolitan Factory & Warehouse Building, 30–32 Chai Wan Kok Street, Tsuen Wan, New Territories, Hong Kong on Wednesday, 9 September 2026 at 5:00 p.m. and the notice convening such meeting will be published and despatched to the Shareholders in the manner as required by the Listing Rules in due course.

EVENTS AFTER THE REPORTING PERIOD

There is no material event after the end of reporting period and up to the date of this annual report.

INDEPENDENT AUDITOR

The consolidated financial statements for the Year have been audited by PricewaterhouseCoopers, who will retire and, being eligible, offer themselves for re-appointment. The Board has taken the Audit Committee's recommendation that a resolution for their re-appointment as independent Auditor will be proposed at the AGM.

There is no change of independent Auditor during the preceding three years.

On behalf of the Board

Ngai Shi Shing Godfrey
Chairman and Executive Director
Hong Kong, 29 June 2026

Independent Auditor's Report

羅兵咸永道

To the Shareholders of Kato (Hong Kong) Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Kato (Hong Kong) Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**"), which are set out on pages 59 to 126, comprise:

- the consolidated statement of financial position as at 31 March 2026;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2026, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers
22/F Prince's Building, Central
Hong Kong SAR, China
T: +852 2289 8888, F: +852 2810 9888

www.pwchk.com

Independent Auditor's Report

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in our audit is related to revenue recognition on elderly home care services.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition on elderly home care services The Group recognised revenue of HK$267,307,000 by provision of elderly home care services. The revenue from rendering of elderly home care services is recognised over time when the Group provides the services to its customers. We focus on this area due to its magnitude and the high volume of transactions involved. As a result, a significant amount of effort was spent on auditing this area.	We have performed the following procedures to address this key audit matter: We understood, evaluated and tested management's key internal controls in respect of revenue recognition of elderly home care services. For revenue generated from providing elderly home care services to the Social Welfare Department ("**SWD**") of the Government of HKSAR under the Enhanced Bought Place Scheme ("**EBPS**"), we tested the revenue by tracing it to relevant service agreements signed with and notices issued by the SWD and bank receipts. For revenue from elderly home care services provided outside of the EBPS, we tested the transactions on a sample basis by tracing them to supporting documents, such as service agreements and customer receipt and settlement from customer. We also performed cut-off testing on a sample of revenue transactions related to individual customers before and after year end to assess whether the transactions were recognised in the proper period by tracing to service agreements, customer receipts and deferred revenue calculation, where applicable. Based on the procedure performed, we considered that the revenue recognition on elderly home care services were supportable by the available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent Auditor's Report

OTHER INFORMATION (CONTINUED)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Lee Chun Wah, Ryan (practising certificate number: P07034).

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 June 2026

Consolidated Statement of Profit or Loss

For the year ended 31 March 2026

	Note	2026 HK$'000	2025 HK$'000
Revenue	*5*	**353,780**	317,114
Fair value change on investment properties	*13*	**(10,722)**	(23,300)
Employee benefit expenses, net		**(147,956)**	(133,810)
Depreciation of property and equipment	*12*	**(13,921)**	(13,578)
Depreciation of right-of-use assets	*14(b)*	**(42,890)**	(35,703)
Property rental and related expenses		**(6,476)**	(7,244)
Food and beverage costs		**(15,035)**	(13,839)
Utility expenses		**(8,014)**	(7,325)
Supplies and consumables		**(3,512)**	(2,425)
Repairs and maintenance		**(2,324)**	(2,435)
Subcontracting fees, net		**(11,820)**	(9,773)
Laundry expenses		**(3,318)**	(2,961)
Medical fees and related expenses		**(4,696)**	(4,003)
Legal and professional fees		**(1,910)**	(2,097)
Other income and other gains, net		**3,107**	5,813
Other expenses		**(28,188)**	(17,773)
Finance costs, net	*6*	**(9,777)**	(14,681)
Profit before taxation	*7*	**46,328**	31,980
Income tax expense	*9*	**(12,647)**	(10,853)
Profit for the year		**33,681**	21,127
Profit/(loss) for the year attributable to:			
— Owners of the Company		**34,224**	21,884
— Non-controlling interests		**(543)**	(757)
		33,681	21,127
Earnings per share attributable to the owners of the Company *(in HK cents)*			
Basic earnings per share	*11(a)*	**3.42**	2.19
Diluted earnings per share	*11(b)*	**3.42**	2.19

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2026

	Note	**2026** **HK$'000**	2025 HK$'000
Profit for the year		**33,681**	21,127
Other comprehensive (loss)/income:			
Item that may be subsequently reclassified to profit or loss			
Exchange differences arising on translation of the financial statements of foreign operations		**(9)**	—
Item that will not be reclassified to profit or loss			
Fair value changes of financial assets at fair value through other comprehensive income ("**Financial assets at FVOCI**")		**—**	53
Remeasurements of employee benefit obligations	*20(a)*	**(566)**	(1,385)
Other comprehensive loss for the year, net of tax		**(575)**	(1,332)
Total comprehensive income for the year		**33,106**	19,795
Total comprehensive income/(loss) for the year attributable to:			
— Owners of the Company		**33,649**	20,552
— Non-controlling interests		**(543)**	(757)
		33,106	19,795

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 March 2026

	Note	2026 HK$'000	2025 HK$'000
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	*12*	**141,019**	110,919
Investment properties	*13*	**152,300**	344,800
Right-of-use assets	*14*	**362,549**	251,607
Deferred tax assets	*22*	**4,010**	4,110
Prepayment, deposits and other non-current assets	*16*	**9,520**	5,364
Total non-current assets		**669,398**	716,800
CURRENT ASSETS			
Trade receivables	*15*	**19,621**	15,983
Prepayments, deposits and other receivables	*16*	**10,639**	13,231
Income tax recoverable		**6**	—
Short-term bank deposits	*18*	**1,600**	1,600
Restricted bank deposits	*18*	**11,232**	10,895
Cash and cash equivalents	*18*	**60,103**	51,057
Total current assets		**103,201**	92,766
Total assets		**772,599**	809,566
EQUITY			
Equity attributable to owners of the Company			
Share capital	*19(a)*	**10,000**	10,000
Reserves	*19(b)*	**443,675**	426,751
		453,675	436,751
Non-controlling interests		**6,721**	5,477
Total equity		**460,396**	442,228

Consolidated Statement of Financial Position

As at 31 March 2026

	Note	2026 HK$'000	2025 HK$'000
LIABILITIES			
NON-CURRENT LIABILITIES			
Accruals and other payables	*20*	**4,473**	3,838
Lease liabilities	*14*	**62,248**	93,692
Bank borrowings	*23*	**156,192**	179,671
Total non-current liabilities		**222,913**	277,201
CURRENT LIABILITIES			
Trade and other payables	*20*	**32,943**	27,139
Contract liabilities	*21*	**1,111**	1,136
Bank borrowings	*23*	**22,420**	28,100
Lease liabilities	*14*	**32,816**	31,497
Income tax payable		**—**	2,265
Total current liabilities		**89,290**	90,137
Total liabilities		**312,203**	367,338
Total equity and liabilities		**772,599**	809,566

The consolidated financial statements on pages 59 to 126 were approved by the Board of Directors on 29 June 2026 and were signed on its behalf.

Mr. Ngai Shi Shing, Godfrey
Executive Director

Ms. Ngai Ka Yee
Executive Director

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2026

		Attributable to the owners of the Company										
	Note	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Revaluation reserve HK$'000	Share option reserve HK$'000	Other reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2024		10,000	126,440	36	25,240	3,974	–	–	268,603	434,293	234	434,527
Profit/(loss) and comprehensive income/(loss):												
Profit/(loss) for the year		–	–	–	–	–	–	–	21,884	21,884	(757)	21,127
Other comprehensive income/(loss)		–	–	–	53	–	–	–	(1,385)	(1,332)	–	(1,332)
Total comprehensive income/(loss)		–	–	–	53	–	–	–	20,499	20,552	(757)	19,795
Transfer of gain on disposal of financial assets at FVOCI to retained earnings		–	–	–	200	–	–	–	(200)	–	–	–
Transactions with owners in their capacity as owners:												
Dividends	10	–	–	–	–	–	–	–	(20,000)	(20,000)	–	(20,000)
Share-based payment	27	–	–	–	–	1,906	–	–	–	1,906	–	1,906
Transactions with non-controlling interests		–	–	–	–	–	–	–	–	–	6,000	6,000
At 31 March and 1 April 2025		10,000	126,440	36	25,493	5,880	–	–	268,902	436,751	5,477	442,228
Profit/(loss) and comprehensive income/(loss):												
Profit/(loss) for the year		–	–	–	–	–	–	–	34,224	34,224	(543)	33,681
Other comprehensive loss		–	–	–	–	–	–	(3)	(566)	(569)	(6)	(575)
Total comprehensive income/(loss)		–	–	–	–	–	–	(3)	33,658	33,655	(549)	33,106
Transactions with owners in their capacity as owners:												
Dividends	10	–	–	–	–	–	–	–	(20,000)	(20,000)	–	(20,000)
Disposal of subsidiaries	29	–	–	–	–	–	–	–	(30)	(30)	2,092	2,062
Transactions with non-controlling interests	28(c)	–	–	–	–	–	3,299	–	–	3,299	(299)	3,000
At 31 March 2026		10,000	126,440	36	25,493	5,880	3,299	(3)	282,530	453,675	6,721	460,396

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 31 March 2026

	Note	2026 HK$'000	2025 HK$'000
Cash flows from operating activities			
Cash generated from operations	*25(a)*	**133,000**	112,459
Hong Kong profits tax paid		**(14,818)**	(22,408)
Interest received		**540**	842
Net cash generated from operating activities		**118,722**	90,893
Cash flow from investing activities			
Proceeds from disposal of subsidiaries, net of cash disposed		**(762)**	(24)
Additions to investment properties		**(622)**	—
Purchases of property and equipment		**(20,060)**	(19,779)
Change in restricted bank deposits		**(337)**	(404)
Proceeds from disposal of financial assets at FVOCI		**—**	750
Proceeds from disposal of property and equipment	*25(c)*	**—**	250
Change in short-term bank deposits		**—**	28,500
Net cash (used in)/generated from investing activities		**(21,781)**	9,293
Cash flows from financing activities			
Repayments of bank borrowings	*25(d)*	**(29,159)**	(26,543)
Dividends paid to shareholders		**(20,000)**	(20,000)
Payment of principal and interest portion of lease liabilities	*25(d)*	**(34,686)**	(34,189)
Capital contribution by non-controlling interests of subsidiaries		**3,000**	6,000
Interest paid		**(7,041)**	(11,817)
Net cash used in financing activities		**(87,886)**	(86,549)
Net increase in cash and cash equivalents		**9,055**	13,637
Cash and cash equivalents at the beginning of year		**51,057**	37,420
Effect of foreign exchange rate changes		**(9)**	—
Cash and cash equivalents at the end of year	*18*	**60,103**	51,057

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

Kato (Hong Kong) Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 19 April 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as combined and revised) of the Cayman Islands. The address of the Company's registered office situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company and its subsidiaries (collectively, the "**Group**") are principally engaged in the provision of residential care services and day care services for the elderly in Hong Kong.

These consolidated financial statements are presented in thousands of Hong Kong Dollar ("**HK$'000**"), unless otherwise stated.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of preparation

(a) Compliance with HKFRS Accounting Standards and HKCO

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance Cap.622 ("**HKCO**").

HKFRS Accounting Standards comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards
- Interpretations developed by the HKICPA

The preparation of the consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(b) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, except for investment properties, which are carried at fair value.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(c) Amended standards adopted by the Group

The Group has applied the following amended standards for the first time for their annual reporting period commencing 1 April 2025:

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability

The amended standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(d) New and amended standards and interpretations not yet adopted

A number of new and amended standards and interpretations have been issued but not effective during the year and have not been early adopted by the Group in preparing these consolidated financial statements:

		Effective for annual periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
HKFRS 18 (new standard)	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 (new standard and amendments)	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to Hong Kong Interpretation 5	Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Notes to the Consolidated Financial Statements

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(d) New and amended standards and interpretations not yet adopted (Continued)

Management is in the process of assessing potential impact of the above new standards, amended standards and interpretations that are relevant to the Group upon initial application. It is not yet in a position to state whether these new standards, amended standards and interpretations will have a significant impact on the Group's result of operations and financial position.

(e) Impact on application of HKFRS 18 — Presentation and Disclosure in Financial Statements

HKFRS 18 will replace HKAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of financial performance of similar entities and provide more relevant information and transparency to users. These include:

(i) all income and expenses in the consolidated statement of profit or loss are required to be classified into one of the five categories, namely operating, investing, financing, income taxes and discontinued operations;

(ii) two newly-defined subtotals "operating profit" and "profit before financing and income taxes" are required to be presented in the consolidated statement of profit or loss to increase comparability;

(iii) management-defined performance measures ("**MPMs**"), which are often non-HKFRS measures (e.g. EBITDA), are required to be disclosed in a single note in the consolidated financial statements;

(iv) enhanced guidance on the principles of aggregation and disaggregation of information is provided; and

(v) operating profit subtotal is required to be used as the starting point for the consolidated statement of cash flows when presenting operating cash flows under the indirect method, and each of interest income, interest expense and dividend income should be classified under a single category.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to variety of financial risks: market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. Because of the simplicity of the financial structure and the current operations of the Group, no hedging activities are undertaken by management.

(a) Foreign exchange risk

The Group mainly operates in Hong Kong and Mainland China and is exposed to foreign exchange risk from various currency exposures, primarily with respect to Renminbi ("**RMB**").

Management has a policy to require group companies to manage their foreign exchange risks against their respective functional currencies. It mainly includes managing the exposures arisen from sales and purchases made by relevant group companies in currencies other than their own functional currencies. The Group also manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposure. The Group has not used any hedging arrangement to hedge its foreign exchange risk exposure.

The assets and liabilities of each company within the Group are mainly denominated in the respective company's functional currency, the directors are of the opinion that the Group's volatility of its profits against changes in exchange rates of foreign currencies would not be significant.

(b) Interest rate risk

The Group has no significant interest-bearing assets except for cash and cash equivalents, short-term bank deposits and restricted bank deposits, which are at variable interest rate and subject to cash flow interest rate risk. The Group's exposure to changes in interest rates is mainly attributable to its bank borrowings which carried at floating rates. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

For the year ended 31 March 2026, if interest rates on all bank borrowings had been 50 basis-points higher/lower with all other variables held constant, profit after taxation for the year ended 31 March 2026 would have decreased/increased by approximately HK$746,000 (2025: HK$867,000), mainly as a result of higher/lower interest expense on floating rate bank borrowings.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Credit risk

The credit risk of the Group mainly arises from trade receivables, deposits and other receivables, short-term bank deposits, restricted bank deposits and cash at banks.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

The credit risk on deposits with banks is limited as the counterparties comprise multiple reputable and creditworthy financial institutions.

The Group have policies in place to ensure that the provision of elderly care home services, elderly community care services, sales of elderly home related goods, medical and laboratory services and rental and property management services are made to third party customers with an appropriate credit history. These evaluations focus on the customer's historical payment performance and current financial ability, taking into account information specific to the customer.

The Group has also implemented additional monitoring procedures to ensure that appropriate follow-up actions are undertaken for the recovery of overdue receivables. Furthermore, the Group conduct regular assessments of the recoverable amount of each individual trade receivable to ensure that adequate impairment losses are recognised for irrecoverable amounts.

As at 31 March 2026, the Group had concentration of credit risk as 80% (2025: 82%) of its total trade receivables was due from its largest trade debtor, the Government of the Hong Kong Special Administrative Region (the "**Government of HKSAR**"). The directors consider the credit risk associated with the Government of HKSAR is low in view of its past good repayment history.

The Group assesses the probability of default at initial recognition of assets and continuously evaluates whether there has been a significant increase in credit risk throughout each reporting period. In determining whether there is a significant increase in credit risk has occurred, the Group compares the risk of default as at the reporting date with the risk of default as at the date of initial recognition. The assessment incorporates reasonable and supportive forwarding-looking information, including GDP growth rate and GDP per capita in Hong Kong.

(i) Trade receivables

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the expected credit loss, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Therefore, the Group divided the trade receivables into 3 categories by their risk characteristics, as (i) the Government of HKSAR; (ii) individual customers from elderly home care services and related business; and (iii) tenants. The Group also considers available reasonable and supportive forward-looking information, such as GDP growth rate and GDP per capita in Hong Kong.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Credit risk (Continued)

(i) Trade receivables (Continued)

For trade receivables from the Government of HKSAR and individual customers from elderly home care services and related business, there were no history of default and management does not expect significant credit losses after considering forward looking information. Therefore, expected credit loss rate of trade receivables from the Government of HKSAR and individual customers is assessed to be close to zero as at 31 March 2026 (2025: same). As at 31 March 2026 and 2025, the losses was assessed to be not material to the consolidated financial statements and no provision was made.

Trade receivables from tenants with financial difficulty are assessed individually for loss allowance. As at 31 March 2026, the provision for expected credit losses on relevant balance is HK$23,000 (2025: HK$18,000).

(ii) Deposits and other receivables

For deposits and other receivables, the Group applies the general approach under HKFRS 9 in measuring expected credit losses. The impairment provision is determined as 12-month expected credit losses as there was no significant increase in credit risk on these assets since initial recognition. The loss rates are further adjusted to incorporate the forward-looking information on macroeconomic factors that may affect the ability of the debtors to settle the outstanding balances. As at 31 March 2026, no loss allowance provision was recognised as the directors considered the expected credit loss to be immaterial (2025: same).

(d) Liquidity risk

The Group's policy is to maintain sufficient cash to meet its liquidity and working capital requirements.

Management monitors rolling forecasts of the Group's liquidity reserve, comprising the undrawn banking facilities set out below, cash and cash equivalents and short-term bank deposits on the basis of expected cash flows. The Group's policy is to regularly monitor current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The Group had access to the following undrawn banking facilities at the end of the reporting period:

	2026 **HK$'000**	2025 HK$'000
Floating rate		
Expiring within one year	**44,807**	35,807

Subject to the continuance of satisfactory credit ratings, the banking facilities may be utilised at any time in Hong Kong dollars and are subjected to annual review.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(d) Liquidity risk (Continued)

The table below analyses the remaining contractual maturities of the Group's non-derivative financial liabilities at the end of the reporting period based on the contractual undiscounted cash flows.

	Undiscounted cash flows					
	Less than 1 year or on demand	Between 1–2 years	Between 2–5 years	Over 5 years	Total	Carrying amount
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2026						
Trade and other payables	**21,318**	**–**	**–**	**–**	**21,318**	**21,318**
Bank borrowings	**28,035**	**25,430**	**55,564**	**102,662**	**211,691**	**178,612**
Undiscounted lease liabilities	**35,157**	**31,030**	**33,313**	**–**	**99,500**	**95,064**
	84,510	**56,460**	**88,877**	**102,662**	**332,509**	**294,994**
As at 31 March 2025						
Trade and other payables	16,099	644	–	–	16,743	16,743
Bank borrowings	37,782	29,956	70,194	130,594	268,526	207,771
Undiscounted lease liabilities	34,856	34,538	63,615	–	133,009	125,189
	88,737	65,138	133,809	130,594	418,278	349,703

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors its capital on the basis of the gearing ratio, which is expressed as a percentage of net debt divided by total capital. Net debt is calculated as the sum of bank borrowings and lease liabilities less the sum of short-term bank deposits, restricted bank deposits and cash and cash equivalents. Capital represents total equity as shown on the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management (Continued)

The gearing ratio as at 31 March 2026 and 2025 were as follows:

	2026 **HK$'000**	2025 HK$'000
Bank borrowings	**178,612**	207,771
Lease liabilities	**95,064**	125,189
	273,676	332,960
Less: Short-term bank deposits	**(1,600)**	(1,600)
Restricted bank deposits	**(11,232)**	(10,895)
Cash and cash equivalents	**(60,103)**	(51,057)
	(72,935)	(63,552)
Net debt	**200,741**	269,408
Total equity	**460,396**	442,228
Gearing ratio	**43.6%**	60.9%

As at 31 March 2026, the gearing ratio of the Group decreased to 43.6% (2025: 60.9%) primarily attributable to the repayments of bank borrowings and lease liabilities during the year.

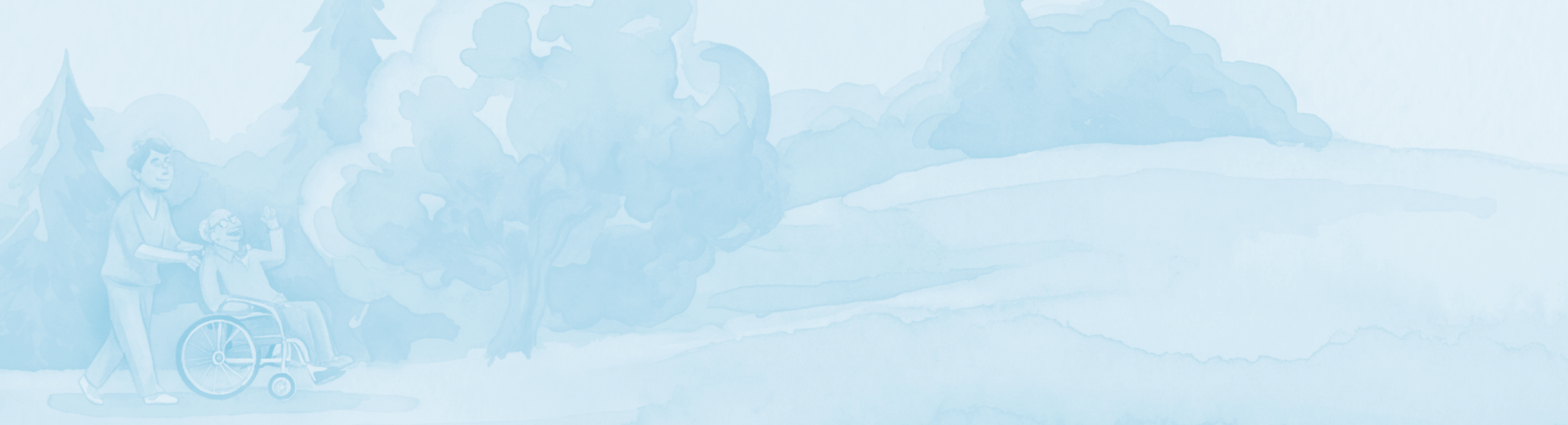
3.3 Fair value estimation

Financial instruments measured at fair values are analysed into the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs).



3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

The following table presents the Group's financial assets that are measured at fair values as at 31 March 2026 and 2025:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 March 2026				
Investment properties *(Note 13)*	**—**	**—**	**152,300**	**152,300**
As at 31 March 2025				
Investment properties *(Note 13)*	—	—	344,800	344,800

There were no transfer of financial assets and liabilities between the fair value hierarchy classifications during the year ended 31 March 2026 (2025: same).

The carrying values of the Group's financial assets, including trade receivables, deposits and other receivables, short-term bank deposits, restricted bank deposits and cash and cash equivalents, and financial liabilities, including trade and other payables, lease liabilities and bank borrowings approximate to their fair values due to their short maturities or with interest rate close to market rate. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments, unless the discounting effect is insignificant.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimated valuation of investment properties

The Group carries its investment properties at fair value with changes in the fair value recognised in profit or loss. The valuation of investment properties requires management's input of various assumptions and factors relevant to the valuation. The Group conducts annual revaluation of its investment properties by independent professionally qualified valuers based on these assumptions agreed with the valuers prior to adoption. Refer to Note 13 for the assumptions, valuation techniques and fair value measurement of investment properties.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(b) Determination of the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The assessment is reviewed when a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

(c) Impairment of non-financial assets

The impairment loss for non-financial assets, comprising property and equipment and right-of-use assets is recognised as the amount by which the carrying amount exceeds its recoverable amount in accordance with the accounting policy stated in Note 30.7. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use, which are based on the best information available to reflect the amount obtainable at the end of each reporting period.

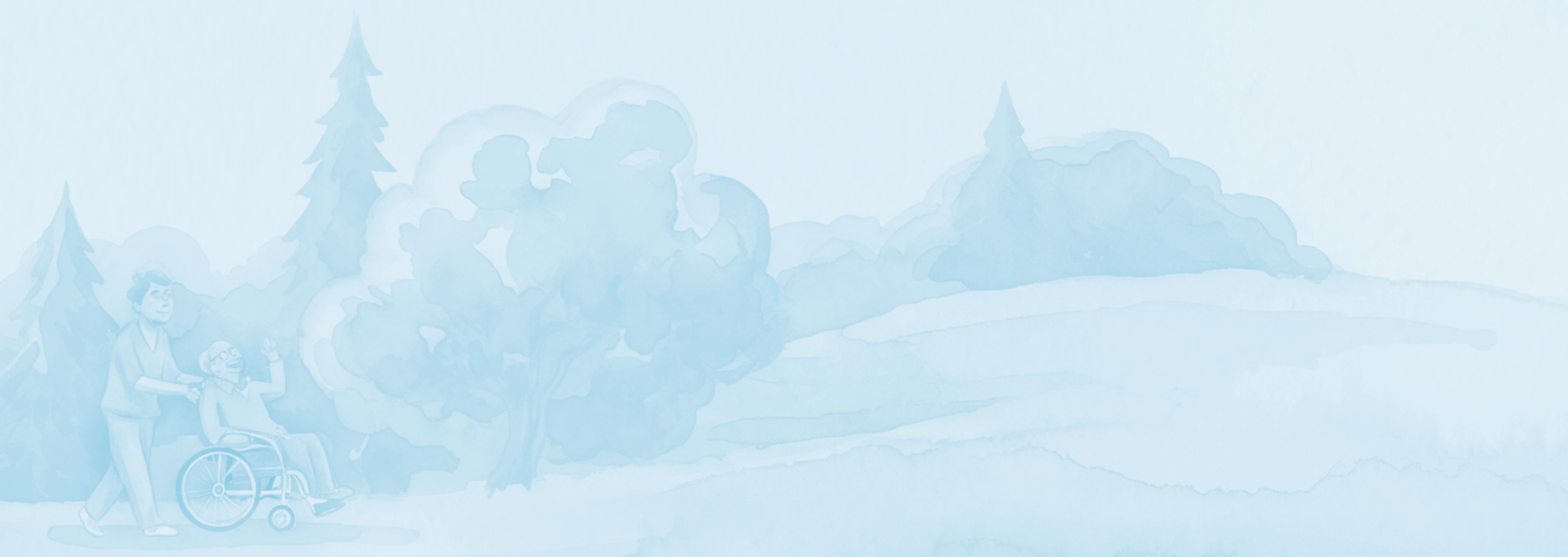
5 REVENUE AND SEGMENT INFORMATION

The executive directors, who are the chief operating decision-maker (the "**CODM**") of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the executive directors that are used to make strategic decisions.

The CODM has determined the operating segments based on these reports. The Group is organised into two business segments:

(a) Elderly care services segment ("**Elderly care services**") and

(b) Investment properties holding segment ("**Investment properties holding**")



5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) Segment revenue and results

The following tables present revenue and segment results regarding the Group's reportable segments for the years ended 31 March 2026 and 2025.

For the year ended 31 March 2026

	Elderly care services HK$'000	Investment properties holding HK$'000	Total HK$'000
Revenue from contract with customers within the scope of HKFRS 15			
Recognised over time:			
Rendering of elderly home care services	267,307	–	267,307
Rendering of elderly community home care services	15,143	–	15,143
Rental and properties management fee income	–	2,005	2,005
Recognised at a point in time:			
Sales of elderly home related goods	61,095	–	61,095
Revenue arising from operating lease within the scope of HKFRS 16:			
Fixed	–	16,830	16,830
Segment revenue	343,545	18,835	362,380
Inter-segment revenue	–	(8,600)	(8,600)
Revenue from external customers	343,545	10,235	353,780
Segment results	60,486	6	60,492
Corporate and other unallocated expenses			(4,387)
Finance costs, net			(9,777)
Profit before taxation			46,328

	Elderly care services HK$'000	Investment properties holding HK$'000	Corporate and others HK$'000	Total HK$'000
Other information:				
Depreciation of property and equipment	(13,322)	–	(599)	(13,921)
Depreciation of right-of-use assets	(36,527)	(5,749)	(614)	(42,890)
Fair value loss on investment properties	–	(10,722)	–	(10,722)
Impairment loss on property and equipment	(4,861)	–	–	(4,861)
Impairment loss on right-of-use assets	(1,406)	–	–	(1,406)
Capital expenditures	(16,367)	(622)	(4,360)	(21,349)

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) Segment revenue and results (Continued)

For the year ended 31 March 2025

	Elderly care services HK$'000	Investment properties holding HK$'000	Total HK$'000
Revenue from contract with customers within the scope of HKFRS 15			
Recognised over time:			
Rendering of elderly home care services	232,962	—	232,962
Rendering of elderly community home care services	11,028	—	11,028
Rendering of medical and laboratory services	8,493	—	8,493
Rental and properties management fee income	—	1,894	1,894
Recognised at a point in time:			
Sales of elderly home related goods	51,165	—	51,165
Revenue arising from operating lease within the scope of HKFRS 16:			
Fixed	—	16,092	16,092
Segment revenue	303,648	17,986	321,634
Inter-segment revenue	—	(4,520)	(4,520)
Revenue from external customers	303,648	13,466	317,114
Segment results	63,204	(15,848)	47,356
Corporate and other unallocated expenses			(695)
Finance costs, net			(14,681)
Profit before taxation			31,980

	Elderly care services HK$'000	Investment properties holding HK$'000	Total HK$'000
Other information:			
Depreciation of property and equipment	(11,043)	(2,535)	(13,578)
Depreciation of right-of-use assets	(29,954)	(5,749)	(35,703)
Fair value loss on investment properties	—	(23,300)	(23,300)
Impairment loss on property and equipment	(1,700)	—	(1,700)
Capital expenditures	(13,451)	(13,434)	(26,885)

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) Segment revenue and results (Continued)

The Group's revenue was derived mainly from its operations in Hong Kong during the years ended 31 March 2026 and 2025. Save for property and equipment amounting to HK$576,000 (2025: Nil), which were located in the People's Republic of China (the "**PRC**"), all other non-current assets of the Group were situated in Hong Kong as at 31 March 2026 (2025: same).

Save for revenue of approximately HK$157,978,000 (2025: HK$141,425,000) for the year ended 31 March 2026, which was primarily derived from the Government of HKSAR under the Enhanced Bought Place Scheme ("**EBPS**"), Bought Place Scheme on Day Care Units for the Elderly ("**BPS**") and the provision of residential care services in the Contract Home, no other single customer accounted for more than 10% of the Group's total revenue.

The Group did not recognise any revenue-related contract assets during the year ended 31 March 2026 (2025: Nil).

Inter-segment transactions were entered into in the normal course of business.

(b) Segment assets and liabilities

As at 31 March 2026

	Elderly care services HK$'000	Investment properties holding HK$'000	Total HK$'000
Assets			
Segment assets	271,378	479,153	750,531
Unallocated:			
Prepayments, deposits and other receivables			169
Property and equipment			4,910
Right-of-use assets			1,227
Short-term bank deposits			1,600
Cash and cash equivalents			14,162
Total assets			772,599
Liabilities			
Segment liabilities	(130,391)	(1,169)	(131,560)
Unallocated:			
Bank borrowings			(178,612)
Lease liabilities			(1,261)
Other payables			(770)
Total liabilities			(312,203)

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment assets and liabilities (Continued)

As at 31 March 2025

	Elderly care services HK$'000	Investment properties holding HK$'000	Total HK$'000
Assets			
Segment assets	214,259	584,548	798,807
Unallocated:			
Prepayments, deposits and other receivables			1,534
Short-term bank deposits			1,600
Cash and cash equivalents			7,625
Total assets			809,566
Liabilities			
Segment liabilities	(157,094)	(1,463)	(158,557)
Unallocated:			
Bank borrowings			(207,771)
Other payables			(1,010)
Total liabilities			(367,338)

6 FINANCE COSTS, NET

	2026 HK$'000	2025 HK$'000
Finance income		
Bank interest income	**540**	842
Unwinding interest on rental deposits	**120**	60
	660	902
Finance costs		
Interest expenses on bank borrowings	**(7,041)**	(11,817)
Interest expenses on lease liabilities *(Note 14(b))*	**(3,332)**	(4,202)
Interest expenses on employee benefit obligations *(Note 20(a))*	**(64)**	(57)
Other interest expenses	**—**	(1,428)
	(10,437)	(17,504)
Less: amount capitalised *(Note 12)*	**—**	1,921
	(10,437)	(15,583)
Finance costs, net	**(9,777)**	(14,681)

7 PROFIT BEFORE TAXATION

Profit before taxation is stated after charging/(crediting) the followings:

	2026 HK$'000	2025 HK$'000
Depreciation of property and equipment *(Note 12)*	**13,921**	13,578
Depreciation of right-of-use assets *(Note 14(b))*	**42,890**	35,703
Property rental and related expenses	**6,476**	7,244
Lease payments for short-term leases *(Note 14(b))*	**246**	1,503
Building management fees and rates	**6,230**	5,749
Gain on lease modification *(Note 14(b))*	**—**	(8)
Employee benefit expenses, net	**147,956**	133,810
Wages and salaries	**139,176**	122,644
Retirement benefit scheme contributions	**3,993**	4,211
Staff welfare and benefits	**258**	248
Provision for long service payments *(Note 20(a))*	**780**	614
Directors' remunerations *(Note 8)*	**4,484**	5,621
Share-based payment expenses — staff portion	**—**	1,270
Government subsidies	**(735)**	(798)
Legal and professional fees	**1,910**	2,097
Subcontracting fees, net	**11,820**	9,773
Subcontracting fees	**19,414**	17,247
Government subsidies	**(7,594)**	(7,474)
Auditor's remuneration		
Audit services	**2,100**	2,000
Non-audit services	**261**	300
Provision for loss allowance on trade receivables	**5**	—
Impairment loss on property and equipment *(Note 12)*	**4,861**	1,700
Gain on disposal of property and equipment	**—**	(34)
Impairment loss on right-of-use assets *(Note 14(b))*	**1,406**	—
Insurance expenses	**1,363**	1,268
Donation	**671**	875
Government subsidies	**(1,465)**	(4,838)

As at 31 March 2026, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2025: Same).

8 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' remunerations

The remunerations of directors for each of the year ended 31 March 2026 and 2025 were as follows:

	Fees	Salaries	Discretionary bonuses	Allowances and benefits in kind	Retirement benefit scheme contributions	Other emoluments paid or receivables	Total
	HK$'000	HK$'000	HK$000	HK$'000 *(note (iii))*	HK$'000	HK$'000	HK$'000
Year ended 31 March 2026							
Executive directors							
– Ms. Ngai Ka Yee	**–**	**1,440**	**–**	**–**	**–**	**–**	**1,440**
– Mr. Ngai Shi Shing, Godfrey	**–**	**1,441**	**–**	**–**	**42**	**–**	**1,483**
– Mr. Lau Kwok Wo	**–**	**961**	**–**	**–**	**–**	**–**	**961**
Independent non-executive directors							
– Mr. Or Kevin	**200**	**–**	**–**	**–**	**–**	**–**	**200**
– Ms. Wu Wing Fong	**200**	**–**	**–**	**–**	**–**	**–**	**200**
– Mr. Wong Chun Kit	**200**	**–**	**–**	**–**	**–**	**–**	**200**
	600	**3,842**	**–**	**–**	**42**	**–**	**4,484**
Year ended 31 March 2025							
Executive directors							
– Ms. Ngai Ka Yee	–	1,440	–	318	–	–	1,758
– Mr. Ngai Shi Shing, Godfrey	–	1,440	–	318	42	–	1,800
– Mr. Lau Kwok Wo *(note(iv))*	–	1,203	–	–	–	–	1,203
Independent non-executive directors							
– Mr. Or Kevin	200	–	–	–	–	–	200
– Mr. Wong Vinci *(note(vi))*	200	–	–	–	–	–	200
– Ms. Lo Ning *(note (v))*	200	–	–	–	–	–	200
– Ms. Wu Wing Fong	200	–	–	–	–	–	200
– Mr. Wong Chun Kit *(note(vii))*	60	–	–	–	–	–	60
	860	4,083	–	636	42	–	5,621

8 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' remunerations (Continued)

	2026 **HK$'000**	2025 HK$'000
Aggregate emoluments paid to or receivable by directors in respect of		
— their services as directors, whether of the Company or its subsidiary	**600**	860
— other services in connection with the management of the affairs of the Company or its subsidiary undertaking	**3,884**	4,761
	4,484	5,621

Notes:

(i) The remunerations shown above represent remunerations received from the Company and subsidiaries of the Company by these directors in their capacity as employees to the Company and no directors waived any emolument during the year ended 31 March 2026 (2025: Nil).

(ii) No emoluments were paid by the subsidiaries of the Company to the directors as an inducement to join the subsidiaries of the Company, or as compensation for loss of office during the year ended 31 March 2026 (2025: Nil).

(iii) Allowances and benefits in kind represents share-based payment expenses of the directors.

(iv) Mr. Lau Kwok Wo was appointed as executive director of the Company on 2 April 2024.

(v) Ms. Lo Ning retired as an independent non-executive director of the Company on 30 August 2024.

(vi) Mr. Wong Vinci resigned as an independent non-executive director of the Company on 13 December 2024.

(vii) Mr. Wong Chun Kit was appointed an independent non-executive director of the Company on 13 December 2024.

(b) Directors' retirement benefits

During the year ended 31 March 2026, no retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking (2025: Nil).

(c) Directors' termination benefits

No payment was made to directors as compensation for the early termination of the appointment during the year ended 31 March 2026 (2025: Nil).

(d) Consideration provided to third parties for making available directors' services

The Company did not pay consideration to any third parties for making available directors' services for the year ended 31 March 2026 (2025: Nil).

8 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year ended 31 March 2026, there were no loans, quasi-loans and other dealing arrangements in favour of the directors, or controlled body corporates and connected entities of such directors (2025: same).

(f) Directors' material interests in transactions, arrangements or contracts

During the year ended 31 March 2026, no significant transactions, agreements and contracts in relation to the Group's business to which the Company or any of the subsidiaries of the Company were a party and in which a director of the Company had material interest, whether directly or indirectly, subsisted at the end of the year ended 31 March 2026, other than those disclosed in Note 17 (2025: same).

(g) Five highest paid individuals

The five highest paid individuals during the year ended 31 March 2026 included 2 directors (2025: 3 directors). Details of their remuneration are set out in Note 8(a). The remuneration for the remaining 3 (2025: 2) highest paid employees who are not directors of the Company is set out below:

	2026 HK$'000	2025 HK$'000
Salaries, discretionary bonus, allowances and benefit in kind	3,425	2,447
Retirement benefit scheme contribution	89	60
Share-based payment expenses	—	636
	3,514	3,143

The emoluments fell within the following bands:

	Number of individual	
	2026	2025
HK$500,001 to HK$1,000,000	1	—
HK$1,000,001 to HK$1,500,000	2	—
HK$1,500,001 to HK$2,000,000	—	2

(h) During the year ended 31 March 2026, no emoluments have been paid by the Group to the directors or the five highest paid individuals mentioned above as an inducement to join or upon joining the Group, or as compensation for loss of office (2025: Nil).

9 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the two-tiered rate of 8.25% for the first HK$2,000,000 of the estimated assessable profit of the qualifying group entity and 16.5% on the remaining estimated assessable profit of the Group for the years ended 31 March 2026 and 2025.

An analysis of the income tax expense is as follows:

	2026 **HK$'000**	2025 HK$'000
Hong Kong profits tax		
Current year	**12,906**	12,994
Over-provision in prior year	**(359)**	(516)
	12,547	12,478
Deferred tax *(Note 22)*	**100**	(1,625)
	12,647	10,853

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate of Hong Kong as follows:

	2026 **HK$'000**	2025 HK$'000
Profit before taxation	**46,328**	31,980
Tax calculated at a tax rate of 16.5% (2025: 16.5%)	**7,644**	5,277
Effect on two-tiered tax rate of 8.25% (2025: 8.25%)	**(165)**	(165)
Income not subject to tax	**(113)**	(172)
Expenses not deductible for tax	**4,624**	4,537
Tax losses and other temporary differences for which no deferred income tax was recognised	**1,040**	1,906
Over-provision in prior year	**(359)**	(516)
Tax reduction	**(24)**	(14)
Income tax expense	**12,647**	10,853

10 DIVIDENDS

	2026 HK$'000	2025 HK$'000
2025 final dividend paid (HK2.0 cents per share)	**20,000**	—
2024 final dividend paid (HK2.0 cents per share)	**—**	20,000
	20,000	20,000

A final dividend in respect of the year ended 31 March 2026 of HK3.0 cents per share, amounting to a total dividend of HK$30,000,000, is to be proposed for approval at the forthcoming annual general meeting. The proposed final dividend has not been recognised as a liability in the consolidated financial statements.

11 EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 March 2026 and 2025.

	2026	2025
Profit attributable to the owners of the Company *(HK$'000)*	**34,224**	21,884
Weighted average number of shares in issue *(thousand shares)*	**1,000,000**	1,000,000
Basic earnings per share *(in HK cents)*	**3.42**	2.19

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Shares issuable under the share option scheme are the only dilutive potential ordinary shares. A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average daily quoted market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

For the year ended 31 March 2026, dilutive earnings per share was of the same amount as the basic earnings per share as the share options were anti-dilutive (2025: same).

Notes to the Consolidated Financial Statements

12 PROPERTY AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
At 1 April 2024							
Cost	34,993	59,189	9,888	11,363	2,725	42,471	160,629
Accumulated depreciation	(2,421)	(40,143)	(7,720)	(3,737)	(1,594)	–	(55,615)
Net carrying amount	32,572	19,046	2,168	7,626	1,131	42,471	105,014
Year ended 31 March 2025							
Opening net carrying amount	32,572	19,046	2,168	7,626	1,131	42,471	105,014
Transfer	18,347	–	970	74	–	(19,391)	–
Additions	–	5,639	1,461	891	–	13,408	21,399
Disposal	–	–	–	–	(216)	–	(216)
Depreciation *(Note 7)*	(2,359)	(7,810)	(1,156)	(1,942)	(311)	–	(13,578)
Impairment *(Note (ii))*	–	(142)	(2)	(1,556)	–	–	(1,700)
Closing net carrying amount	48,560	16,733	3,441	5,093	604	36,488	110,919
At 31 March 2025 and 1 April 2025							
Cost	**53,340**	**64,828**	**12,319**	**12,328**	**2,344**	**36,488**	**181,647**
Accumulated depreciation	**(4,780)**	**(48,095)**	**(8,878)**	**(7,235)**	**(1,740)**	**–**	**(70,728)**
Net carrying amount	**48,560**	**16,733**	**3,441**	**5,093**	**604**	**36,488**	**110,919**
Year ended 31 March 2026							
Opening net carrying amount	**48,560**	**16,733**	**3,441**	**5,093**	**604**	**36,488**	**110,919**
Transfer	**34,373**	**–**	**1,867**	**143**	**–**	**(36,383)**	**–**
Transfer from investment properties *(Note 13)*	**29,900**	**–**	**–**	**–**	**–**	**–**	**29,900**
Additions	**–**	**13,145**	**4,731**	**415**	**691**	**–**	**18,982**
Depreciation *(Note 7)*	**(4,352)**	**(7,181)**	**(1,609)**	**(570)**	**(209)**	**–**	**(13,921)**
Impairment *(Note (ii))*	**–**	**(576)**	**–**	**(4,285)**	**–**	**–**	**(4,861)**
Closing net carrying amount	**108,481**	**22,121**	**8,430**	**796**	**1,086**	**105**	**141,019**
At 31 March 2026							
Cost	**117,613**	**77,973**	**18,917**	**12,886**	**3,035**	**105**	**230,529**
Accumulated depreciation and impairment	**(9,132)**	**(55,852)**	**(10,487)**	**(12,090)**	**(1,949)**	**–**	**(89,510)**
Net carrying amount	**108,481**	**22,121**	**8,430**	**796**	**1,086**	**105**	**141,019**

Notes:

(i) During the year 31 March 2025, the Group has capitalised borrowing costs of HK$1,921,000 to construction in progress. Such borrowing costs were capitalised at weighted average rate of 5.22%.

(ii) During the year ended 31 March 2026, based on the impairment assessment performed by management, the Group provided an impairment loss on property and equipment of HK$4,861,000 (2025: HK$1,700,000) related to medical and check-up centres.

Notes to the Consolidated Financial Statements

13 INVESTMENT PROPERTIES

	2026 HK$'000	2025 HK$'000
At fair value		
At the beginning of the year	344,800	368,100
Additions	622	—
Fair value change	(10,722)	(23,300)
Transfer to right-of-use assets *(Note 14)*	(152,500)	—
Transfer to property and equipment *(Note 12)*	(29,900)	—
At the end of the year	152,300	344,800

During the year ended 31 March 2026, investment properties with a carrying amount of HK$152,500,000 and HK$29,900,000 were reclassified to right-of-use assets and property and equipment respectively upon the management intention to change of owner-occupation (2025: Nil).

(a) Amounts recognised in profit or loss for investment properties

	2026 HK$'000	2025 HK$'000
Revenue arising from operating leases	8,230	11,572
Management fee income	716	612
Car park revenue	1,289	1,282
Direct operating expenses arising from investment properties that generate income:		
— Property management fees, security and cleaning	(734)	(619)
— Government rent and rates	(864)	(814)

(b) Leases arrangements

The investment properties are leased to tenants under operating leases with rental payable monthly. Lease payments for some contracts include contingent rent which are calculated based on the turnover of respective tenants. To reduce credit risk, the Group obtains deposits from each tenant.

Although the Group is exposed to potential fluctuations in residual values upon the expiry of existing leases, the Group typically enters into new operating leases and therefore any reduction in residual value is not expected to be immediately realised. Expectations about the future residual values are reflected in the fair value of the properties.

For minimum lease payments receivable on leases of investment properties, refer to Note 26.

13 INVESTMENT PROPERTIES (CONTINUED)

(c) Valuation process

The investment properties of the Group are carried at fair value, by valuation method, which is categorised into different fair value hierarchy levels, refer to Note 3.3.

As one or more of the significant inputs is not based on observable market data, the investment properties of the Group are categorised as level 3.

The Group's policy is to recognise transfers between fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. As at 31 March 2026, the Group did not have any investment properties categorised as level 1 or level 2 (2025: same) and there were no transfers among levels 1, 2 and 3 during the year ended 31 March 2026 (2025: Nil).

The Group's investment properties were valued at 31 March 2026 and 2025 by an external, independent and professional qualified valuer, ValQuest Advisory (Hong Kong) Limited, who holds a recognised relevant professional qualification and has recent experience in the locations and nature of the investment properties valued. All investment properties have been valued on the basis of highest and best use, reflecting their existing condition as of the respective valuation date.

The management held discussions with the valuer and reviewed all significant inputs applied in the valuation. Discussions of the valuation processes and results at each reporting dates were conducted between management and the valuer.

At each financial year end the management:

- Verifies all major inputs to the independent valuation report;
- Holds discussions with the independent valuer.

(d) Valuation techniques

For commercial complex, retail shops, fresh market stalls, cooked food stalls and storerooms (collectively "**Retail shops**"), the valuation was based on income capitalisation approach, which largely use unobservable inputs (e.g. market rent, yield, etc.) and taking into account the significant adjustment on term yield to account for the risk upon reversionary and the estimation in vacancy rate after expiry of current lease.

For car park spaces, the valuation was based on direct comparison method by making reference to the comparable market transactions as available. The direct comparison method is based on market observable transactions of similar car parks and adjusted to reflect the conditions and locations of the subject car parks.

For properties which are rented out for the operation of elderly home, the valuations was based on income capitalisation approach, which largely use unobservable inputs (e.g. market rent, yield, etc.) and taking into account the significant adjustment on term yield to account for the risk upon reversionary.

13 INVESTMENT PROPERTIES (CONTINUED)

(d) Valuation techniques (Continued)

Information about fair value measurements using significant unobservable inputs (level 3)

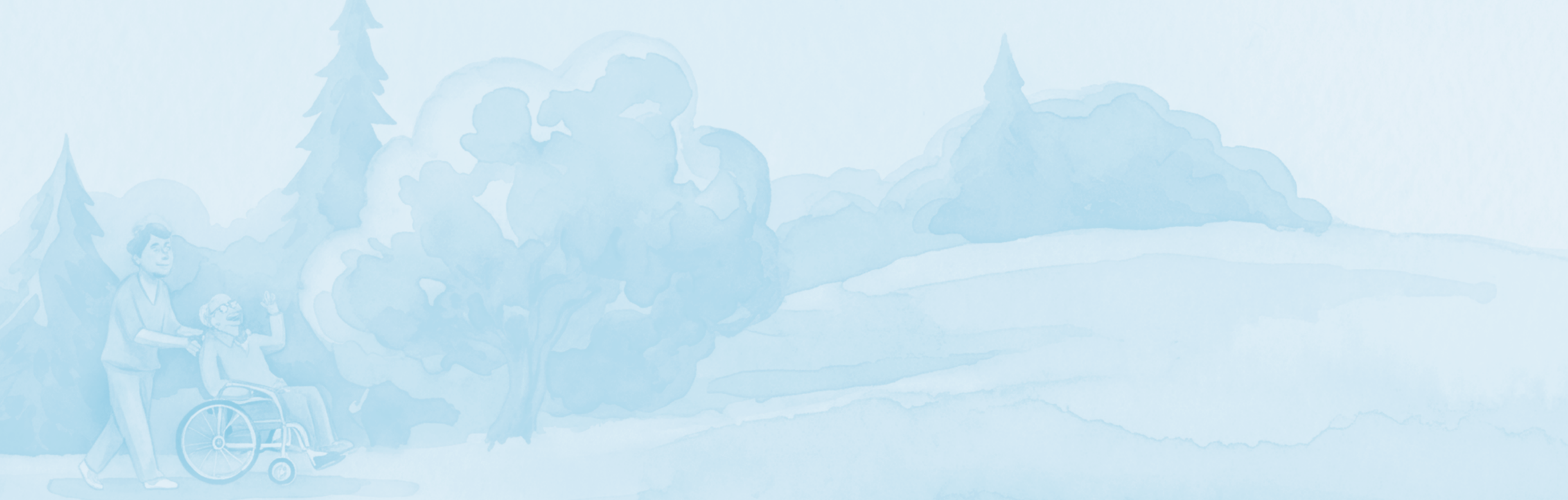
Properties	Fair value at 31 March		Valuation methods	Significant unobservable inputs	Range of unobservable inputs		Relationship of unobservable inputs to fair value
	2026 HK$'000	2025 HK$'000			**2026**	2025	
Retail shops	**130,400**	137,100	Income capitalisation approach	1) Reversionary yield	**6.3%–9.3%**	6.3%–9.3%	The higher the reversionary yield, the lower the fair value.
				2) Term yield	**5.8%–8.8%**	5.8%–8.8%	The higher the term yield, the lower the fair value.
				3) Monthly rent (HK$/square ft.)	**HK$18.0–HK$78.0**	HK$19.0–HK$80.0	The higher the monthly rent, the higher the fair value.
Carparks	**21,900**	25,300	Direct comparison method	1) Market value (HK$/unit)	**HK$0.83 million to HK$0.93 million**	HK$0.85 million to HK$1.25 million	The higher the market value, the higher the fair value.
Elderly home	**–**	182,400	Income capitalisation approach	1) Reversionary yield	**–**	7.0%	The higher the reversionary yield, the lower the fair value.
				2) Term yield	**–**	HK$21–HK$33	The higher the term yield, the lower the fair value.
	152,300	344,800					

(e) Collateral for the Group's bank borrowings

As at 31 March 2026, except for the car park spaces, all the Group's investment properties were pledged as collateral for the Group's bank borrowings (Note 23) (2025: same).

(f) Contractual obligations

As at 31 March 2026, the Group had no material unprovided contractual obligations for future repairs and maintenance (2025: Nil).



14 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Amounts recognised in the consolidated statement of financial position

(i) Right-of-use assets

	Leasehold land HK$'000	Elderly residential care homes/day care centres/ laboratory centres HK$'000	Staff quarters HK$'000	Motor vehicles HK$'000	Office and warehouse HK$'000	Total HK$'000
As at 1 April 2024	144,850	132,934	4,232	23	76	282,115
Additions	–	902	2,487	–	2,097	5,486
Modification	–	–	(291)	–	–	(291)
Depreciation *(Note 7)*	(5,750)	(27,864)	(1,734)	(23)	(332)	(35,703)
As at 31 March 2025 and 1 April 2025	**139,100**	**105,972**	**4,694**	**–**	**1,841**	**251,607**
Additions	**–**	**–**	**2,738**	**–**	**–**	**2,738**
Transfer from investment properties *(Note 13)*	**152,500**	**–**	**–**	**–**	**–**	**152,500**
Impairment *(Note 7)*	**–**	**(1,406)**	**–**	**–**	**–**	**(1,406)**
Depreciation *(Note 7)*	**(12,603)**	**(27,020)**	**(2,653)**	**–**	**(614)**	**(42,890)**
As at 31 March 2026	**278,997**	**77,546**	**4,779**	**–**	**1,227**	**362,549**

(ii) Lease liabilities

	2026 HK$'000	2025 HK$'000
Non-current	**62,248**	93,692
Current	**32,816**	31,497
	95,064	125,189

14 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(b) Amounts recognised in the consolidated statement of profit or loss

	2026 **HK$'000**	2025 HK$'000
Depreciation charge of right-of-use assets		
— Elderly residential care homes/day care centres/ laboratory centres	**27,020**	27,864
— Leasehold land	**12,603**	5,750
— Staff quarters	**2,653**	1,734
— Office and warehouse	**614**	332
— Motor vehicles	**—**	23
	42,890	35,703
Interest expense on lease liabilities *(Note 6)*	**3,332**	4,202
Lease payments for short-term leases (included in property rent and related expenses) *(Note 7)*	**246**	1,503
Impairment loss on right-of-use assets	**1,406**	—
Gain on lease modification	**—**	(8)

Total cash outflows for leases for the year ended 31 March 2026 was HK$34,932,000 (2025: HK$35,692,000).

(c) The Group's leasing activities and how these are accounted for

The Group leases various elderly residential care homes, day care centres, laboratory centres, staff quarters, motor vehicles, office and warehouse. The Group's lease of lands expire in 2047 while lease agreements for other properties and motor vehicles are generally entered into for fixed terms ranging from 3 to 5 years, certain leases include extension option of 7 additional years which are exercisable solely at discretion of the Group and not the respective lessor. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. As at 31 March 2026, except for the certain leased land of HK$75,940,000 (2025: HK$78,987,000) was pledged for bank borrowings, there is no securities or covenants on other lease agreements.

15 TRADE RECEIVABLES

	2026 HK$'000	2025 HK$'000
Trade receivables	**19,644**	16,001
Less: loss allowance	**(23)**	(18)
	19,621	15,983

The ageing analysis of the Group's trade receivables, based on invoice date are as follows:

	2026 HK$'000	2025 HK$'000
Within 30 days	**12,570**	7,906
31–60 days	**6,578**	6,798
61–180 days	**424**	1,116
Over 180 days	**72**	181
	19,644	16,001

The Group's trade receivables are non-interest-bearing and denominated in HK$. The carrying amounts of trade receivables approximate their fair values due to their short maturities.

The Group's trading terms are payment in advance. Generally, there is no credit term granted to customers. However, in practice, customers settled their outstanding balances shortly after the date when the amounts are due. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the management. During the year ended 31 March 2026, loss allowance of HK$23,000 was provided for trade receivables from tenants (2025: HK$18,000).

The maximum exposure to credit risk at the reporting period was the carrying amounts of trade receivables mentioned above. The Group did not hold any collateral as security.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. The Group's credit risk assessment and the analysis of concentration of credit risk are disclosed in Note 3.1(c)(i).

16 PREPAYMENTS, DEPOSITS, OTHER RECEIVABLES AND OTHER NON-CURRENT ASSETS

	2026 **HK$'000**	2025 HK$'000
Prepayments	**2,737**	3,457
Rental deposits	**5,251**	5,517
Deposits	**1,815**	3,785
Other receivables	**5,998**	5,513
Prepayments for property and equipment	**2,806**	323
Other non-current assets	**1,552**	—
	20,159	18,595
Less: Non-current portion		
Prepayments for property and equipment	**(2,806)**	(323)
Rental deposits	**(5,162)**	(5,041)
Other non-current assets	**(1,552)**	—
	(9,520)	(5,364)
Current portion	**10,639**	13,231
Maximum exposure of financial assets to credit risk	**11,761**	14,815

Financial assets included in the above balances relate to receivables for which there was no recent history of default. The Group did not hold any collateral as security. The carrying amounts of deposits and other receivables approximate to their fair values due to their short maturities and are denominated in HK$.

17 RELATED PARTIES BALANCES AND TRANSACTIONS

In the opinion of the directors of the Company, the Group is controlled by Sheung Fung Limited, a limited liability company incorporated in the British Virgin Islands, as at 31 March 2026 and 2025.

(a) Balance with a related party

	2026 HK$'000	2025 HK$'000	Maximum outstanding balance during the year HK$'000
Amount due from a non-controlling interest			
Lazy Elderly Care Technology Limited	**1,500**	1,500	1,500

Amount due from a non-controlling interest is unsecured, interest-free and recoverable on demand. The carrying amount approximates to its fair values due to its short maturities and is denominated in HK$.

Notes to the Consolidated Financial Statements

17 RELATED PARTIES BALANCES AND TRANSACTIONS (CONTINUED)

(b) Related party transactions

The Group had the following transactions with related parties/companies during the years ended 31 March 2026 and 2025:

	Notes	2026 HK$'000	2025 HK$'000
Repayment of principal and interest portion of lease liabilities to related parties:			
— Ms. Ngai Ka Yee	*(i)*	**671**	671
— Mr. Lam Kong	*(ii)*	**660**	275
— Mr. Ngai Shi Shing, Godfrey	*(i)*	**578**	520
— Mr. Ngai Ha Sang	*(ii)*	**360**	360
— Ms. Lam Wan Yuet	*(ii)*	**216**	162
— Ms. Ngai Tuen Yi	*(ii)*	**204**	—
— Ms. Lam Wan Fong	*(ii)*	**180**	180
— Mr. Lam Chung Ming	*(ii)*	**19**	—
Repayment of principal and interest portion of lease liabilities to related companies:			
— Kato Elderly Affairs Limited	*(iii)*	**4,860**	4,860
— Shing Kong Limited	*(iii)*	**3,384**	3,464
— Smarts Corporation Limited	*(iii)*	**2,724**	2,724
— Kato Property Limited	*(iii)*	**2,376**	2,376
— Perfect Cheer Investment Limited	*(iii)*	**2,004**	2,004
— Classic Mate Limited	*(iii)*	**1,236**	1,236

Notes:

(i) Ms. Ngai Ka Yee and Mr. Ngai Shi Shing, Godfrey are the executive directors of the Company.

(ii) They are the close members of the family of the directors.

(iii) The related companies are controlled by the Company's directors and/or the close members of the family of the directors.

The above-mentioned transactions were conducted in the ordinary course of business and the repayment of lease liabilities were charged at terms mutually agreed by the relevant parties and companies.

17 RELATED PARTIES BALANCES AND TRANSACTIONS (CONTINUED)

(c) Key management compensation

Key management includes the directors and senior management of the Group.

Compensation of key management personnel of the Group, including directors' remunerations as disclosed in Note 8, are as follows:

	2026 HK$'000	2025 HK$'000
Salaries, discretionary bonus, allowances and benefit in kind	**8,659**	9,141
Retirement benefit scheme contribution	**131**	132
Share-based payment	**—**	1,588
	8,790	10,861

18 CASH AND CASH EQUIVALENTS, SHORT-TERM BANK DEPOSITS AND RESTRICTED BANK DEPOSITS

	2026 HK$'000	2025 HK$'000
Short-term bank deposits — time deposits with original maturity over 3 months *(Note a)*	**1,600**	1,600
Restricted bank deposits *(Note b)*	**11,232**	10,895
Cash at banks	**59,900**	50,928
Cash on hand	**203**	129
Cash and cash equivalents	**60,103**	51,057
Maximum exposure to credit risk	**72,732**	63,423

As at 31 March 2026 and 2025, the Group's cash and cash equivalents, short-term bank deposits and restricted bank deposits are mainly denominated in HK$. The carrying amounts of cash and cash equivalents, short-term bank deposits and restricted bank deposits approximate their fair values due to their short maturities.

Notes:

(a) As at 31 March 2026, short-term bank deposits are time deposits with original maturity over 3 months carry weighted average effective interest rate of 2.3% (2025: 3.3%) per annum with remaining tenure of 33 days (2025: 164 days).

(b) As at 31 March 2026, the Group has restricted bank deposits of HK$11,232,000 (2025: HK$10,895,000) held at bank as guarantee for certain tender agreements entered into with the SWD of the Government of HKSAR in relation to the operation of new contracted homes (2025: same).

As at 31 March 2026, the weighted average effective interest rate was 2.0% (2025: 3.1%).

(c) Cash at banks earns interest income at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

(d) As at 31 March 2026, the conversion into foreign currencies and remittance out of the Mainland China for the Group's cash and bank balances of HK$464,000 (2025; Nil) which denominated in RMB is subject to the rules and regulations of foreign exchange control promulgated by the government of the PRC.

19 SHARE CAPITAL AND RESERVES

(a) Share capital of the Company

	Number of ordinary shares (thousand shares)	Share capital of HK$0.01 each HK$'000
Authorised:		
As at 1 April 2024, 31 March 2025, 1 April 2025 and 31 March 2026	3,000,000	30,000
Issued and paid:		
As at 1 April 2024, 31 March 2025, 1 April 2025 and 31 March 2026	1,000,000	10,000

(b) Reserves

	Share premium HK$'000	Capital reserve (Note (i)) HK$'000	Revaluation reserve HK$'000	Share option reserve (Note 27) HK$'000	Other reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 April 2024	126,440	36	25,240	3,974	–	–	268,603	424,293
Profit and comprehensive income:								
Profit for the year	–	–	–	–	–	–	21,884	21,884
Other comprehensive income	–	–	53	–	–	–	(1,385)	(1,332)
Total comprehensive income	–	–	53	–	–	–	20,499	20,552
Realised upon disposal of financial assets at FVOCI	–	–	200	–	–	–	(200)	–
Transactions with owners in their capacity as owners:								
Dividends *(Note 10)*	–	–	–	–	–	–	(20,000)	(20,000)
Share-based payment *(Note 27)*	–	–	–	1,906	–	–	–	1,906
At 31 March 2025 and 1 April 2025	**126,440**	**36**	**25,493**	**5,880**	**–**	**–**	**268,902**	**426,751**
Profit and comprehensive income:								
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**34,224**	**34,224**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**(3)**	**(566)**	**(569)**
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**(3)**	**33,658**	**33,655**
Transactions with owners in their capacity as owners:								
Dividends *(Note 10)*	**–**	**–**	**–**	**–**	**–**	**–**	**(20,000)**	**(20,000)**
Disposal of subsidiaries *(Note 29)*	**–**	**–**	**–**	**–**	**–**	**–**	**(30)**	**(30)**
Transactions with non-controlling interests *(Note 28(c))*	**–**	**–**	**–**	**–**	**3,299**	**–**	**–**	**3,299**
At 31 March 2026	**126,440**	**36**	**25,493**	**5,880**	**3,299**	**(3)**	**282,530**	**443,675**

Note:

(i) The capital reserve of the Company represented the excess of the aggregate net assets values of the subsidiaries acquired by the Company over the nominal value of the share capital of the Company through share swap pursuant to the reorganisation in 2019.

20 TRADE AND OTHER PAYABLES

	2026 HK$'000	2025 HK$'000
Trade payables	**4,273**	2,545
Accruals and other payables	**10,637**	8,966
Accrued wages and salaries and contributions to MPF schemes	**11,854**	11,040
Deposits from customers	**5,566**	4,205
Rental deposits received	**842**	1,027
Provision for reinstatement cost	**575**	575
Employee benefit obligations *(Note (a))*	**3,669**	2,619
	37,416	30,977
Less: Non-current portion	**(4,473)**	(3,838)
Current portion	**32,943**	27,139

As at 31 March 2026 and 2025, the carrying amounts of trade and other payables approximate to their fair values are denominated in HK$.

Trade payables are unsecured, non-interest bearing and repayable in accordance with contractual terms. The ageing analysis of trade payables by invoice date is as follows:

	2026 HK$'000	2025 HK$'000
Within 60 days	**4,273**	2,545

(a) Employee benefit obligations — long service payments

Under the Hong Kong Employment Ordinance, the Group is required to make lump sum payments upon cessation of employment in specified circumstances to eligible employees who have completed a minimum of five years of service. The amount payable is dependent on the employees' final salary and length of service, and is offset by entitlements accrued under the Group's retirement plan that are attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations arising from such payments. The long service payments are settled from the Group's available cash resources as and when they fall due. The latest actuarial valuation as at 31 March 2026, specifically designated for the Group's employees, was conducted using the projected unit credit method (2025: same).

Notes to the Consolidated Financial Statements

20 TRADE AND OTHER PAYABLES (CONTINUED)

(a) Employee benefit obligations — long service payments (Continued)

(i) The amount recognised in the consolidated statement of financial position is as follows:

	2026 **HK$'000**	2025 HK$'000
Present value of defined benefit obligations	**3,669**	2,619

(ii) Movements in the long service payments recognised in the consolidated statement of financial position are as follows:

	2026 **HK$'000**	2025 HK$'000
At the beginning of the year	**2,619**	2,544
Current service cost *(Note 7)*	**780**	614
Interest expense *(Note 6)*	**64**	57
Total amount recognised in profit or loss	**844**	671
Remeasurement recognised in other comprehensive income	**566**	1,385
Benefit payments	**(360)**	(1,981)
At the end of the year	**3,669**	2,619

(iii) The significant actuarial assumptions used as at 31 March 2026 and 2025 are as follows:

	2026	2025
Discount rate	**2.27%**	2.93%
Salary growth rate	**2.00%**	3.20%

20 TRADE AND OTHER PAYABLES (CONTINUED)

(a) Employee benefit obligations — long service payments (Continued)

(iv) The sensitivity of the employee benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption		Impact on employee benefit obligations					
			Increase in assumption			Decrease in assumption		
	2026	2025		2026 HK$'000	2025 HK$'000		2026 HK$'000	2025 HK$'000
Discount rate	0.5%	0.5%	Decrease by	(148)	(125)	Increase by	159	135
Salary growth rate	0.5%	0.5%	Increase by	43	33	Decrease by	(52)	(37)

The above sensitivity analyses have been prepared on the basis of change in a single assumption while all other assumptions are held constant. In practice, such isolated change is unlikely to occur, as certain assumptions may be interdependent and subject to correlation.

In determining the sensitivity of the employee benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the employee benefit liability recognised in the statement of financial position.

No changes in the methods and assumptions applied in preparing the sensitivity analysis compared to those used in the prior reporting period.

21 CONTRACT LIABILITIES

As at 31 March 2026 and 2025, the balances represent the receipt in advance from customers. The Group recognised the following revenue-related contract liabilities:

	2026 HK$'000	2025 HK$'000
Contract liabilities	1,111	1,136

The following table shows the revenue recognised during the years ended 31 March 2026 and 2025 related to carried-forward contract liabilities:

	2026 HK$'000	2025 HK$'000
Revenue recognised that was included in the contract liabilities balance as at beginning of the year	1,136	964

Due to the short-term nature of the related service contracts, the entire contract liabilities balance at the year end would be recognised into revenue in the next period. As permitted under HKFRS 15, the transaction price allocated to those unsatisfied contracts which have an original expected duration of one year or less is not disclosed.

22 DEFERRED TAX

Deferred tax assets and liabilities are netted off when the taxes relate to the same tax authority and where offsetting is legally enforceable. The following amounts, determined after appropriate offsetting, are shown separately on the consolidated statement of financial position:

	2026 HK$'000	2025 HK$'000
Deferred tax assets	**4,010**	4,110

The analysis of deferred tax assets is as follows:

	2026 HK$'000	2025 HK$'000
Deferred tax assets		
To be recovered after more than 12 months	**3,624**	3,675
To be recovered within 12 months	**386**	435
	4,010	4,110

The movements in deferred tax assets and liabilities of the Group for each of the years ended 31 March 2026 and 2025 are as follows:

	Decelerated tax depreciation on property and equipment	
	2026 HK$'000	2025 HK$'000
Deferred tax assets		
At the beginning of the year	**4,110**	2,485
(Charged)/credited to the consolidated statement of profit or loss for the year	**(100)**	1,625
At the end of the year	**4,010**	4,110

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of HK$4,840,000 (2025: HK$6,194,000) in respect of tax losses amounting to HK$29,338,000 (2025: HK$37,539,000) that can be carried forward against future taxable income. These tax losses have no expiry date and are subject to assessment by the Inland Revenue Department.

23 BANK BORROWINGS

	2026 HK$'000	2025 HK$'000
Secured bank borrowings		
— Current portion	**22,420**	28,100
— Non-current portion	**156,192**	179,671
	178,612	207,771

The Group's borrowings are repayable as follows:

	2026 HK$'000	2025 HK$'000
Within 1 year	**22,420**	28,100
More than 1 year but less than 2 years	**20,463**	21,373
More than 2 years but less than 5 years	**44,125**	50,037
More than 5 years	**91,604**	108,261
	178,612	207,771

For the year ended 31 March 2026, bank borrowings bore effective interest rate of 3.33% (2025: 4.91%) per annum and were denominated in HK$.

As at 31 March 2026, the Group's bank borrowings included mortgage loans which were secured by certain investment properties, property and equipment and right-of-use assets held by the Group (2025: same).

As at 31 March 2026, the Group had aggregate bank facilities of HK$312,000,000 (2025: HK$303,000,000) for revolving loans, term loans, mortgage loans etc.. Unutilised facilities as at the same date amounted to approximately HK$44,807,000 (2025: HK$35,807,000), of which approximately HK$15,000,000 (2025: HK$15,000,000) is relating to the revolving loans and term loans. These facilities were secured by the followings:

(a) unlimited corporate guarantees executed by the Company and certain of its subsidiaries; and

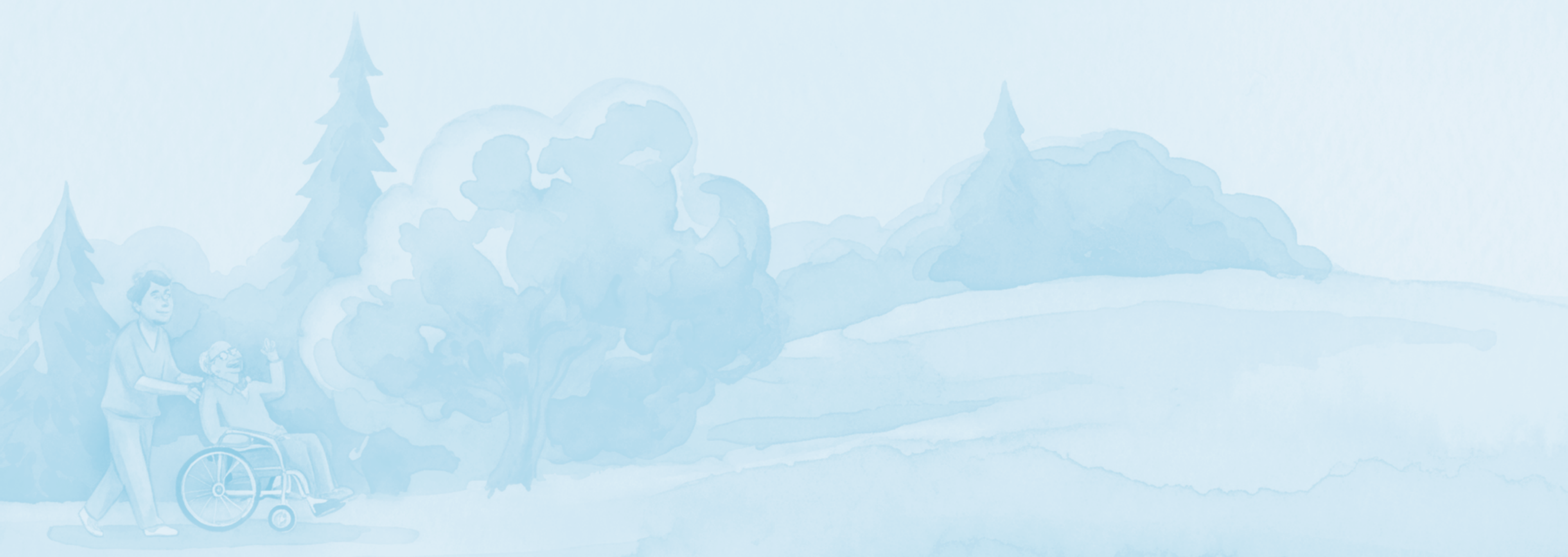
(b) pledges of the Group's investment properties of approximately HK$130,400,000 (2025: HK$319,500,000), property and equipment of approximately HK$108,480,000 (2025: HK$48,560,000) and right-of-use assets of approximately HK$221,586,000 (2025: HK$78,987,000).

The Group is required to comply with certain financial covenants imposed by the banks. For the year ended 31 March 2026, there is no non-compliance with those covenants (2025: same).

24 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at year end are as follows:

	2026 **HK$'000**	2025 HK$'000
Financial assets		
At amortised cost:		
— Trade receivables	**19,621**	15,983
— Deposits and other receivables	**13,064**	14,815
— Short-term bank deposits	**1,600**	1,600
— Restricted bank deposits	**11,232**	10,895
— Cash and cash equivalents	**60,103**	51,057
	105,620	94,350
Financial liabilities		
At amortised cost:		
— Trade and other payables	**(21,318)**	(16,743)
— Bank borrowings	**(178,612)**	(207,771)
— Lease liabilities	**(95,064)**	(125,189)
	(294,994)	(349,703)



25 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	Note	2026 HK$'000	2025 HK$'000
Profit before taxation		**46,328**	31,980
Adjustments for:			
Provision for loss allowance on trade receivables		**5**	—
Interest income	*6*	**(660)**	(902)
Interest expenses	*6*	**10,437**	15,583
Depreciation of property and equipment	*12*	**13,921**	13,578
Depreciation of right-of-use assets	*14(b)*	**42,890**	35,703
Fair value change of investment properties	*13*	**10,722**	23,300
Provision for long service payment		**780**	614
Share-based payment expenses	*27*	**—**	1,906
Impairment loss on property and equipment	*12*	**4,861**	1,700
Impairment loss on right-of-use assets	*14(b)*	**1,406**	—
Gain on lease modification	*14(b)*	**—**	(8)
Gain on disposal of property and equipment		**—**	(34)
Loss on disposal of subsidiaries		**1,640**	41
		132,330	123,461
Changes in working capital:			
Trade receivables		**(4,046)**	(7,894)
Prepayments, deposits and other receivables		**(1,179)**	(4,017)
Trade and other payables		**5,920**	987
Contract liabilities		**(25)**	172
Amount due to a director		**—**	(250)
Cash generated from operations		**133,000**	112,459

(b) Significant non-cash activities

(i) During the year ended 31 March 2026, the Group entered into certain lease agreements and recognised right-of-use assets and lease liabilities of HK$2,738,000 (2025: HK$5,486,000).

(ii) During the year ended 31 March 2026, investment properties with carrying amounts HK$152,500,000 and HK$29,900,000 were reclassified to right-of-use assets and property and equipment respectively.

(c) In the consolidated statements of cash flows, proceeds from disposal of property and equipment comprise:

	2026 HK$'000	2025 HK$'000
Net book amount	**—**	216
Gain on disposal of property and equipment	**—**	34
Proceeds from disposal of property and equipment	**—**	250

25 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(d) Net cash reconciliation

This section sets out an analysis of net cash and the movements in net cash for each of the years presented.

	2026 **HK$'000**	2025 HK$'000
Short-term bank deposits	**1,600**	1,600
Restricted bank deposits	**11,232**	10,895
Cash and cash equivalents	**60,103**	51,057
Bank borrowings	**(178,612)**	(207,771)
Lease liabilities	**(95,064)**	(125,189)
Net debt	**(200,741)**	(269,408)

	Bank borrowings HK$'000	**Lease liabilities** HK$'000
At 1 April 2024	234,314	149,989
Non-cash movements:		
Recognition of lease liabilities	—	5,486
Modification	—	(299)
Interest expenses	—	4,202
	—	9,389
Net cash outflows	(26,543)	(34,189)
At 31 March 2025 and 1 April 2025	**207,771**	**125,189**
Non-cash movements:		
Recognition of lease liabilities	**—**	**2,738**
Disposal of subsidiaries *(Note 29)*	**—**	**(1,509)**
Interest expenses	**—**	**3,332**
	—	**4,561**
Net cash outflows	**(29,159)**	**(34,686)**
At 31 March 2026	**178,612**	**95,064**

26 OPERATING LEASE AND CAPITAL COMMITMENTS

(a) Lease commitments — as lessor

As at 31 March 2026 and 2025, the analysis of the Group's aggregate future minimum rental income receivables under non-cancellable operating leases are as follows:

	2026 HK$'000	2025 HK$'000
Within 1 year	**7,004**	7,285
More than 1 year but less than 2 years	**2,696**	5,505
More than 2 years but less than 5 years	**4,429**	5,528
Over 5 years	**—**	980
	14,129	19,298

(b) Capital commitments

At 31 March 2026, the Group had capital commitments in respect of property and equipment, amounting to HK$10,341,000 (2025: HK$7,422,000) after netting off the prepayments made for the acquisition of property and equipment.

27 SHARE-BASED PAYMENT TRANSACTIONS

Pursuant to the Share Option Scheme adopted by the Company on 20 May 2019, in the sole discretion of the Board, to grant options to (i) any employee (whether full-time or part-time, including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries (the "**Subsidiaries**") or any entity (the "**Invested Entity**") in which the Group holds an equity interest (the "**SOS Eligible Employee(s)**"); (ii) any non-executive Director (including independent non-executive Directors) of the Company, any Subsidiary or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of any member of the Group or any Invested Entity; (v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement and growth of the Group, and, for the purposes of the Share Option Scheme, the options may be granted to any company wholly-owned by one or more Eligible Participants.

The maximum number of shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group shall not exceed 30% of the issued share capital of the Company from time to time. The total number of shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the shares in issue on the day on which dealings in the shares first commence on the Stock Exchange (i.e. not exceeding 100,000,000 shares).

27 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Movement of the options granted under the share option scheme for the years ended 31 March 2026 and 2025 are as followings:

		Number of share options (in thousand)				
Date of grant	Category of participants	Outstanding as at 1 April 2024, 31 March 2025 and 1 April 2025	Granted/ exercised/lapsed/ cancelled/forfeited during the year	Outstanding as at 31 March 2026	Exercise period	Exercise price per share option
						HK$
22 March 2022	Directors	20,000	–	20,000	21 March 2025 to 21 March 2032	0.60
22 March 2022	Continuous contract employees	40,000	–	40,000	21 March 2025 to 21 March 2032	0.60
		60,000	–	60,000		

Notes:

(i) No share options were exercised during the year ended 31 March 2026, accordingly no weighted average share price in respect of exercise of the options was applicable (2025: same).

(ii) During the year ended 31 March 2026, no share-based payment expenses (2025: HK$1,906,000) were recognised in the consolidated statement of profit or loss in relation to share options.

28 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	2026 HK$'000	2025 HK$'000
ASSETS			
Non-current assets			
Investment in a subsidiary	*28(a)(i)*	**36,639**	36,639
Investment properties		**170,200**	182,400
Prepayments and deposits		**2,806**	323
Total non-current assets		**209,645**	219,362
Current assets			
Prepayments, deposits and other receivables		**250**	3,810
Amounts due from subsidiaries		**716,624**	712,013
Income tax recoverable		**134**	134
Cash and cash equivalents		**14,162**	7,625
Total current assets		**731,170**	723,582
Total assets		**940,815**	942,944
EQUITY			
Equity attributable to the owners of the Company			
Share capital	*19(a)*	**10,000**	10,000
Reserves	*28(b)*	**341,755**	394,135
Total equity		**351,755**	404,135

28 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY (CONTINUED)

(a) Statement of financial position of the Company (Continued)

	Note	2026 HK$'000	2025 HK$'000
LIABILITIES			
Non-current liabilities			
Bank borrowing		71,555	76,668
Deferred tax liabilities		1,683	—
Total non-current liabilities		73,238	76,668
Current liabilities			
Accruals and other payables		773	1,014
Amounts due to subsidiaries		510,319	456,955
Bank borrowing		4,730	4,172
Total current liabilities		515,822	462,141
Total liabilities		589,060	538,809
Total equity and liabilities		940,815	942,944

The statement of financial position of the Company was approved by the Board of Directors on 29 June 2026 and was signed on its behalf.

Mr. Ngai Shi Shing, Godfrey
Executive Director

Ms. Ngai Ka Yee
Executive Director

28 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY (CONTINUED)

(a) Statement of financial position of the Company (Continued)

Note:

(i) Investment in a subsidiary

	2026 HK$'000	2025 HK$'000
Investment in unlisted shares	**36,639**	36,639

Investment in a subsidiary is recorded at cost, which represents the net assets value of the subsidiary on the date of acquisition. Details of the principal subsidiaries of the Company are as follows:

Company name	Place of incorporation	Principal activities	Issued/registered capital	Attributable equity interest of the Group 2026	Attributable equity interest of the Group 2025	Attributable equity interest of non-controlling interests 2026	Attributable equity interest of non-controlling interests 2025
Indirectly held by the Company:							
Kato Kung Limited	Hong Kong	Operation of elderly residential care homes	HK$5,000	100%	100%	–	–
Crawfield International Limited	Hong Kong	Operation of elderly residential care homes	HK$20,000	100%	100%	–	–
Oriental Chinese Medicine Limited	Hong Kong	Operation of elderly residential care homes	HK$11,000	100%	100%	–	–
Jane's Home Limited	Hong Kong	Operation of elderly residential care homes	HK$100	100%	100%	–	–
Tsuen Wan Elderly Centre Limited	Hong Kong	Operation of elderly residential care homes	HK$110	100%	100%	–	–
Happy Luck Elderly Home Limited	Hong Kong	Operation of elderly residential care homes	HK$110	100%	100%	–	–
Hing Tin Elderly Centre Limited ("**HT Elderly Centre**") *(note (d))*	Hong Kong	Operation of elderly residential care homes	HK$100	80%	80%	20%	20%
Hong Tak Home for the Elderly (Tsuen Wan) Limited ("**Hong Tak**") *(note (d))*	Hong Kong	Operation of elderly residential care homes	HK$100	90%	–	10%	–
Zhaoqing Aijia Health Elderly Care Services Company Limited *(note (d) & (e))*	The PRC	Operation of elderly residential care homes	Registered: RMB960,000	36%	–	64%	–
Kato Elderly Care Limited	Hong Kong	Properties investment and management	HK$100	100%	100%	–	–
Golden Grand Holdings Limited	Hong Kong	Properties investment and management	HK$1,000	100%	100%	–	–
Ka Shui Garden (Tsuen Wan) Day Care Centre Limited	Hong Kong	Operation of day-care centre	HK$1	100%	100%	–	–

(a) Unless otherwise stated, the principal place of operation of each company is the same as its place of incorporation.

(b) Unless otherwise stated, the type of legal entity of each company is limited liability company.

(c) All the issued share capital for the above subsidiaries incorporated in Hong Kong are fully paid-up.

(d) The non-controlling interests are considered immaterial to the Group and therefore no disclosure on financial information of these subsidiaries with non-controlling interests is included.

(e) The English name of this subsidiary represents the best effort by the management to translate its Chinese name as this subsidiary does not have official English name.

28 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY (CONTINUED)

(b) Reserves movement of the Company

	Capital reserve HK$'000	Share premium HK$'000	Share option reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 April 2024	36,639	126,440	3,974	270,997	438,050
Loss and other comprehensive loss for the year	—	—	—	(25,821)	(25,821)
Dividends *(Note 10)*	—	—	—	(20,000)	(20,000)
Share-based payment *(Note 27)*	—	—	1,906	—	1,906
At 31 March 2025 and 1 April 2025	**36,639**	**126,440**	**5,880**	**225,176**	**394,135**
Loss and other comprehensive loss for the year	**—**	**—**	**—**	**(32,380)**	**(32,380)**
Dividends *(Note 10)*	**—**	**—**	**—**	**(20,000)**	**(20,000)**
At 31 March 2026	**36,639**	**126,440**	**5,880**	**172,796**	**341,755**

(c) Transactions with non-controlling Interests

Disposal of interest in subsidiaries without loss of control

In January 2026, the Group disposed 10% equity interests in Hong Tak at an aggregate consideration of HK$3.0 million. The difference between the fair value of consideration paid or payable and the carrying amount of the non-controlling interests amounted to approximately HK$3.3 million was recognised in other reserve.

Notes to the Consolidated Financial Statements

29 DISPOSAL OF SUBSIDIARIES

During the year ended 31 March 2026, the Company disposed of the entire equity interests of certain subsidiaries in relation to medical and laboratory services (the "**Disposed Companies**") to an independent third party. A loss on disposal of approximately HK$1,640,000 was recognised in the consolidated statement of profit or loss for the year ended 31 March 2026. The loss on disposal of the subsidiaries recognised during the year were as follows:

	HK$'000
Consideration	—*
Carrying amount of net assets sold	421
Release of reserve upon disposal	30
Non-controlling interests	(2,092)
Loss on disposal	(1,641)

The aggregate carrying amounts of assets and liabilities of the Disposed Companies as at the date of disposal were:

	HK$'000
Net assets disposed of	
— Trade receivables	403
— Deposits and other receivables	813
— Cash and cash equivalents	762
— Trade and other payables	(890)
— Lease liabilities	(1,509)
Net assets disposed of	421

Net cash outflow on the disposal:

	HK$'000
Consideration received	—*
Less: Cash and cash equivalent balances disposed of	(762)
Net cash outflow on disposal	(762)

* Amount less than HK$1,000

Notes to the Consolidated Financial Statements

30 SUMMARY OF MATERIAL ACCOUNTING POLICIES

This note provides a list of material accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

30.1 Principles of consolidation

30.1.1 Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

30.1.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of the subsidiary are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

30.1.3 Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interest in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interest are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS Accounting Standards.

Notes to the Consolidated Financial Statements

30 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

30.1 Principles of consolidation (Continued)

30.1.3 Business combination (Continued)

Acquisition-related costs are expensed as incurred.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amount reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposal to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associated company, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. Gains or losses on disposals are recognised in profit or loss.

30.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in HK$, which is the Group's presentation and the Company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the consolidated statement of profit or loss within "other expenses".

Notes to the Consolidated Financial Statements

30 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

30.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors, who makes strategic decisions.

30.4 Leases

30.4.1 As the lessor

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset.

Lease income on operating leases is recognised over the term of the lease on a straight-line basis.

30.4.2 As the lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed lease payments.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

30 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

30.4 Leases (Continued)

30.4.2 As the lessee (Continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and

- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;

- any lease payments made at or before the commencement date less any lease incentives received; and

- any initial direct costs, and

- restoration costs.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's estimated useful lives or the lease term. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Leasehold land commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land and depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

30 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

30.5 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. For any asset replacement, the carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses to profit or loss in the period in which they are incurred.

Depreciation of property and equipment is calculated using the straight-line method to allocate their costs to their estimated residual values over their estimated useful lives, as follows:

Buildings	Over the shorter of remaining lease term or 2% per annum
Leasehold improvements	Over the shorter of remaining lease term or 20% per annum
Furniture and fixtures	20% per annum
Office equipment	20% per annum
Motor vehicles	30% per annum

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Construction in progress represents property and equipment under construction or pending installation and is stated at cost less impairment losses, if any. No provision for depreciation is made on assets under construction in progress until such time as the relevant assets are completed and available for their intended use. On completion, the relevant assets are transferred to property and equipment at fair value or cost less accumulated impairment losses.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount and are recognised within "other income and other gains, net" in the consolidated statement of profit or loss.

30 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

30.6 Investment properties

Investment properties are held for long-term rental yields and are not occupied by the Group.

An investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value. Changes in fair values of the investment properties are recognised in profit or loss in the period in which they arise.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are expensed in profit or loss during the period in which they are incurred.

30.7 Impairment of non-financial assets

Property and equipment which are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

30.8 Investments and other financial assets

30.8.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("**OCI**") or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Notes to the Consolidated Financial Statements

30 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

30.8 Investments and other financial assets (Continued)

30.8.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

30.8.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVPL**"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

(a) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

(b) FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

(c) FVPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

30 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

30.8 Investments and other financial assets (Continued)

30.8.3 Measurement (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the consolidated statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

30.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

30.10 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instrument carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impairment on other financial assets at amortised cost is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

30.11 Trade and other receivables

Trade receivables are amounts due from customers for elderly related goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

30 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

30.12 Cash and cash equivalents, short-term bank deposits and restricted bank deposits

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Restricted bank deposits represents a guaranteed deposit placed at a designated bank account as cash collateral for issuance of bank guarantee for a project. Such restricted bank deposit would be released after completion of the contract.

30.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction, net of tax, from the proceeds.

30.14 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

30.15 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as “other income and other gains, net” or “finance costs, net”.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right at the end of the reporting period to defer settlement of the liability for at least 12 months after the end of reporting period.

30 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

30.16 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are recognised as an expense in the period in which they are incurred.

30.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

30 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

30.17 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

30.18 Employee benefits

(a) Pension obligations

In Hong Kong, the Group contributes to the mandatory provident fund scheme for eligible employees, the assets of which are held in a separate trustee-administered funds. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Contributions to the fund by the Group and employees are calculated as a percentage of employees' salaries. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Long service payments

In Hong Kong, employees who have completed a required number of years of service to the Group are eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment, provided that such termination meet the circumstances specified in the Hong Kong Employment Ordinance. Long service payments are recognised when they accrue to employees. A provision is made for the estimated liability for long service payment as a result of services rendered by employees up to the consolidated statement of financial position date. The liability recognised in the consolidated statement of financial position in respect of long service payments is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

(c) Provision for bonus

Bonus payments to employees are discretionary to management. Bonus payments are recognised in profit or loss in the period when the Group has formally announced the bonus payments to employees.

30 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

30.18 Employee benefits (Continued)

(d) Share-based compensation

The Group operates a share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

30.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

30 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

30.20 Revenue recognition

Revenues are recognised when or as the control of the goods or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may transfer over time or at a point in time.

Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer; or

- creates and enhances an asset that the customer controls as the Group performs; or

- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant. The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a practical expedient, the Group does not adjust any of the transaction prices for the time value of money.

(a) Rendering of elderly home care services

Rendering of elderly home care services represent provision of residential care services to the elderly including the provision of residence, professional nursing and caretaking services, nutritional management, medical services, physiotherapy services, psychological and social care and individual care plans.

Revenue from the rendering of elderly home care services is recognised when the Group provides the services and all of the benefits are received and consumed simultaneously by the customer throughout its contract period. Thus, the Group satisfies a performance obligation and recognises revenue over time and the Group has present right to payment.

(b) Sales of elderly home related goods

Sales of elderly home related goods includes the sale of diapers, nutritional milk, medical gloves, feeding bags and pH indicator to our residents on an as-needed basis.

Revenue from the sale of elderly home related goods is recognised at a point in time when or as the control of the elderly home related goods is transferred to the customer and the Group has present right to payment.

The Group's policy does not include any rights of return nor refund.

Notes to the Consolidated Financial Statements

30 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

30.20 Revenue recognition (Continued)

(c) *Rendering of elderly community care services*

Rendering of elderly community care services represent provision of day care services and home-based services to the elderly including the provision of professional nursing and caretaking services, nutritional management, medical services, physiotherapy services, psychological and social care and individual care plans.

Revenue from the rendering of elderly community care services is recognised when the Group provides the services and all of the benefits are received and consumed simultaneously by the customer throughout its contract period. Thus, the Group satisfies a performance obligation and recognised revenue over time and the Group has present right to payment.

(d) *Rendering of medical and laboratory services*

Rendering of medical and laboratory services represent provision of medical and laboratory services to individual.

Revenue from the rendering of medical and laboratory services is recognised when the Group provides the services and all of the benefits are received and consumed simultaneously by the customer throughout its contract period. Thus, the Group satisfies a performance obligation and recognised revenue over time and the Group has present right to payment.

(e) *Operating lease rental income*

Operating lease rental income is recognised on a straight-line basis over the term of the lease agreement. Contingent rental income (representing income over and above base rent) such as turnover rent, is recognised according to the terms of the lease agreements when the amount can be reliably measured, in the accounting period in which it is earned. Lease incentives provided, such as rent-free periods, are amortised on a straight-line basis and are recognised as a reduction of rental income over the respective term of the lease.

(f) *Management fee*

Management fee income arising from provision of services are recognised when such service are rendered.

(g) *Rental from car parks*

Rental from car parks are recognised as revenue on an accrual basis based on the numbers of hours occupied.

(h) *Interest income*

Interest income is recognised using the effective interest method, on a time-proportion basis.

Notes to the Consolidated Financial Statements

30 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

30.21 Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the entity's shareholders or directors, where appropriate.

Dividend proposed or declared after the reporting period but before the consolidated financial statements are authorised for issue, are disclosed as a non-adjusting event and are not recognised as a liability at the end of the reporting period.

30.22 Government grants and subsidies

Grants and subsidies from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants and subsidies relating to costs are recognised in the consolidated statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants and subsidies are presented at net basis and are included in "employee benefit expenses, net" and "subcontracting fees, net" in the consolidated statement of profit or loss.

If the grants do not relate to any specific expenditure incurred and all attached condition were complied by the Group, they are recognised under "other income and other gains, net" in consolidated statement of profit or loss upon receipt of the grants.

30.23 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Principal Investment Properties

Description	Lot number	Existing use	Lease term
Cooked food stalls, Hing Tin Estate, No. 8 Lin Tak Road, Kowloon, Hong Kong	540/149,828th parts or shares of and in New Kowloon Inland Lot 6377	Shops	Medium
Certain portions of the Integrated HA accommodation of Yan Tin House, Mei Tin House & Choi Tin House, Hing Tin Estate, No. 8 Lin Tak Road, Kowloon, Hong Kong	1,351/149,828th parts or shares of and in New Kowloon Inland Lot 6377	Shops and storeroom	Medium
Leased portion of the Commercial Complex, Hing Tin Estate, No. 8 Lin Tak Road, Kowloon, Hong Kong	5,699/149,828th parts or shares of and in New Kowloon Inland Lot No. 6377	Shops and day care centre	Medium
Car Parking Spaces No. A1 to A23 on Level A of Carpark C of Car Park Blocks, Hing Tin Estate, No. 8 Lin Tak Road, Kowloon, Hong Kong	276/4,068 of 9,871/149,828th parts or shares of and in New Kowloon Inland Lot 6377 on aggregate	Carpark	Medium

Five Years Financial Summary

A summary of the published consolidated results and of the consolidated assets and liabilities of the Group for the last five financial years is set as below:

	Year ended 31 March				
	2026	2025	2024	2023	2022
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue	**353,780**	317,114	271,334	408,297	320,337
Profit before taxation	**46,328**	31,980	73,901	153,464	117,165
Income tax expense	**(12,647)**	(10,853)	(9,793)	(27,681)	(18,079)
Profit for the year	**33,681**	21,127	64,108	125,783	99,086

	As at 31 March				
	2026	2025	2024	2023	2022
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
FINANCIAL POSITION					
Non-current assets	**669,398**	716,800	763,357	563,464	531,872
Current assets	**103,201**	92,766	99,944	135,838	89,745
Non-current liabilities	**(222,913)**	(277,201)	(335,869)	(242,564)	(271,196)
Current liabilities	**(89,290)**	(90,137)	(92,905)	(83,798)	(58,214)
Net assets	**460,396**	442,228	434,527	372,940	292,207