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**Hang Chi Holdings Limited**

**恒智控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8405)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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

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

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

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

## FINANCIAL HIGHLIGHTS

	2023 HK\$'000	2022 HK\$'000	Change % (approximate)
<b>Consolidated statement of profit or loss and other comprehensive income</b>			
Revenue	211,214	193,041	9.41%
EBITDA	81,587	91,117	-10.46%
Profit for the year	<u>26,204</u>	<u>38,610</u>	<u>-32.13%</u>
<b>Consolidated statement of financial position</b>			
Cash and cash equivalents	46,196	38,491	20.02%
Fixed bank deposits	12,153	37,826	-67.87%
Trade receivables	2,140	480	345.83%
Net assets value	<u>197,355</u>	<u>211,151</u>	<u>-6.53%</u>

The board of Directors (the “**Board**”) of the Company is pleased to present the audited consolidated financial statements of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023 (the “**Reporting Year**”). The audited consolidated financial statements of the Group have been reviewed by the audit committee of the Company.

## BUSINESS REVIEW AND PROSPECT

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

During the Reporting Year, the Group’s revenue amounted to approximately HK\$211,214,000, representing an increase of 9.41% as compared with that of last year. Due to rising costs, profit for the year decreased by approximately 32.13% to approximately HK\$26,204,000. The Group will continue to optimise existing resources, strengthen staff training, and save costs through cost control measures.

Hong Kong is experiencing the structural issue of aging population. According to the “Hong Kong Population Projections 2020–2069” of the Hong Kong SAR Government, the population of elderly will almost double by 2040. Therefore, demand of the society for elderly residential care services will continue to rise, and will become the main driver for the development and growth of the elderly residential care home industry. With the Group’s experienced management team and reputation in the market, the Group will strengthen talents training and continue to expand its network of elderly residential care homes at strategic locations in Hong Kong, so as to serve more elderly residents.

## OPERATING PERFORMANCE

### Revenue

The breakdown of revenue by types of services provided by the Group for the Reporting Year and year ended 31 December 2022 are set out as follows:

	2023		2022	
	Revenue <i>HK\$’000</i>	Percentage of segment revenue <i>approximate</i> %	Revenue <i>HK\$’000</i>	Percentage of segment revenue <i>approximate</i> %
<b>Rendering of elderly home care services</b>				
– residential care places leased by the Social Welfare Department (the “SWD”) under the Enhanced Bought Place Scheme (the “EBPS”)	51,293	24.29%	40,067	20.75%
– residential care places leased by the SWD under the Bought Place Scheme on Day Care Units (the “Day Care Services”)	4,856	2.30%	4,805	2.49%
– residential care places leased by individual customers	102,805	48.67%	99,991	51.80%
– residential care places leased by non-governmental organisations	301	0.14%	281	0.15%
	<u>159,255</u>	<u>75.40%</u>	<u>145,144</u>	<u>75.19%</u>
<b>Sales of elderly related goods and provision of healthcare services</b>	<u>51,959</u>	<u>24.60%</u>	<u>47,897</u>	<u>24.81%</u>
<b>Total</b>	<u><u>211,214</u></u>	<u><u>100.00%</u></u>	<u><u>193,041</u></u>	<u><u>100.00%</u></u>

During the Reporting Year, the Group’s revenue increased from approximately HK\$193,041,000 for the last year to approximately HK\$211,214,000, representing an approximately 9.41% increase.

### *Rendering of elderly home care services*

The revenue from rendering of elderly home care services was derived from the provision of, among others, residence, nursing and caretaking services, health and medical services, rehabilitation services, meal preparation services and social care services in Hong Kong. The revenue increased from approximately HK\$145,144,000 for the last year to approximately HK\$159,255,000 for the Reporting Year, representing an approximately 9.72% increase.

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

During the Reporting Year, the revenue derived from the SWD, which leased a fixed number of residential care places at the Group's elderly residential care homes under the EBPS, increased from approximately HK\$40,067,000 for the last year to approximately HK\$51,293,000, representing an approximately 28.02% increase.

The increment was mainly due to that Guardian Home (Chun Shek) Limited (“**Chun Shek**”) has participated in the EBPS and has been classified as EA1 under the EBPS since October 2022. Therefore, the number of the Group's elderly residential care homes classified as EA1 under the EBPS increased from two to three elderly residential care homes.

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

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

During the Reporting Year, the revenue derived from the SWD, which elder persons nominated and arranged by the SWD to receive the Day Care Services at the Group's elderly residential care homes under the Day Care Services increased from approximately HK\$4,805,000 for the last year to approximately HK\$4,856,000, representing an approximately 1.07% increase.

- *Residential care places leased by individual customers*

The revenue derived from rendering of elderly home care services to individual customers, together with the unsubsidised portions paid by individual customers under the EBPS increased from approximately HK\$99,991,000 for the last year to approximately HK\$102,805,000 for the Reporting Year, representing an approximately 2.81% increase.

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

The revenue derived from the non-governmental organisations which leased residential care places from the Group's elderly residential care homes increased from approximately HK\$281,000 for the last year to approximately HK\$301,000 for the Reporting Year, representing an approximately 7.12% increase.

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

The revenue from sales of elderly related goods and provision of healthcare services was derived from the sales of adult nappies, nutritional milk, other medical consumable products, daily supplies and provision of additional healthcare services to the residents. The revenue increased from approximately HK\$47,897,000 for the last year to approximately HK\$51,959,000 for the Reporting Year, representing an approximately 8.48% increase.

### **Average occupancy rate of the elderly residential care homes**

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

	<b>2023</b>	2022
	<i>approximate %</i>	<i>approximate %</i>
Average occupancy rate		
– elderly residential care homes under the EBPS	<b>88.18%</b>	87.49%
– non-EBPS elderly residential care homes	<b>88.66%</b>	75.92%

### **Staff costs**

Staff costs are the largest component of the operating expenses, which comprised of wages, salaries, bonuses, long service payments, retirement benefit costs and other allowances and benefits payable to employees. During the Reporting Year, the amount of staff costs slightly decreased from approximately HK\$99,781,000 for the last year to approximately HK\$92,926,000 for the Reporting Year, representing an approximately 6.87% decrease.

## **Property rental and related expenses**

Property rental and related expenses mainly represented the rental and ancillary office payments under operating leases related to the elderly residential care homes. With the adoption of IFRS 16 Leases, the rental expenses were re-allocated between property rental and related expenses, depreciation and finance costs. The amount of property rental and related expenses decreased from approximately HK\$13,638,000 for the last year to approximately HK\$8,574,000 for the Reporting Year, representing an approximately 37.13% decrease. The rental and related expenses payments for the elderly residential care homes and office which were paid on cash basis amounted to approximately HK\$57,364,000 in total for the Reporting Year (31 December 2022: approximately HK\$52,803,000 in total).

## **Profit for the year**

During the Reporting Year, the Group recorded a profit of approximately HK\$26,204,000 and approximately HK\$38,610,000 was noted for the last year. As the COVID-19 pandemic is over, special allowance received from the Social Welfare Department regarding to the provision of care support service to service users who were admitted to residential care homes for quarantine was terminated in December 2022. This resulted in a drop in Profit for the year.

## **LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL STRUCTURE**

### **Liquidity**

As at 31 December 2023, current assets amounted to approximately HK\$71,473,000 (31 December 2022: approximately HK\$90,530,000). Current liabilities were approximately HK\$59,789,000 (31 December 2022: approximately HK\$69,023,000).

### **Financial Resources**

As at 31 December 2023, the Group had total fixed bank deposits and cash and cash equivalents of approximately HK\$12,153,000 and HK\$46,196,000 (31 December 2022: approximately HK\$37,826,000 and HK\$38,491,000) respectively.

As at 31 December 2023, the Group had trade receivables of approximately HK\$2,140,000 (31 December 2022: approximately HK\$480,000).

As at 31 December 2023, the Group recorded net current assets of approximately HK\$11,684,000 (31 December 2022: approximately HK\$21,507,000).

### **Gearing Ratio**

The gearing ratio of the Group as at 31 December 2023 was 18% (31 December 2022: 19%) as the Group incurred the lease liabilities with the adoption of IFRS 16 Leases during the Reporting Year. The Group was not in need of any material debt financing during the Reporting Year.

The approach of the board of Directors of the Company (the “**Board**”) to manage the Group’s working capital is to ensure sufficient liquid assets to meet its matured liabilities so as to avoid any unacceptable losses or damage to the Group’s reputation.

### **Capital Structure**

The shares of the Company (the “**Share(s)**”) were successfully listed on GEM of the Stock Exchange on 12 July 2017. There has been no change in the capital structure of the Company since then. The capital of the Company only comprises of ordinary shares.

As at 31 December 2023, the total equity of the Group was approximately HK\$197,355,000 (31 December 2022: approximately HK\$211,151,000).

### **DIVIDEND**

The Directors recommend the payment of a final dividend of HK\$0.04 per ordinary Share, totaling HK\$16,000,000 (2022: HK\$40,000,000) for the Reporting Year.

### **SIGNIFICANT INVESTMENTS HELD BY THE GROUP**

As at 31 December 2023, there was no significant investment held by the Group.

### **FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS**

As at 31 December 2023, the Group did not have any plan for material investments and capital assets.

### **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

The Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies during the Reporting Year.

### **CHARGE ON GROUP ASSETS**

As at 31 December 2023, the Group did not have any charge on its assets.

### **FOREIGN EXCHANGE EXPOSURE**

The Group’s sales and purchases were denominated in HK\$. As such, the Group has limited exposure to any significant foreign currency exchange risks. The Board does not expect any material impact on the Group’s operations caused by any foreign currency fluctuations. No financial instruments were employed by the Group for hedging purpose during the Reporting Year.

## **CONTINGENT LIABILITIES**

As at 31 December 2023, the Group had no material contingent liabilities (2022: Nil).

## **CAPITAL EXPENDITURE**

During the Reporting Year, the Group's capital expenditure amounted to approximately HK\$6,130,000 (2022: approximately HK\$22,654,000) which was used for the acquisition of property, plant and equipment in the elderly residential care homes.

## **HUMAN RESOURCES AND REMUNERATION POLICY**

As at 31 December 2023, the Group had 426 employees (2022: 437 employees). The Group offered competitive remuneration package, discretionary bonuses and social insurance benefits to its employees. In addition, a share option scheme (the "**Share Option Scheme**") has been adopted on 21 June 2017 for, among others, the employees of the Group.

## **USE OF PROPERTIES BY SHUI JUN NURSING CENTRE (YAU TONG) COMPANY LIMITED**

As disclosed in the Company's 2022 annual report, the Company identified that the use of properties located in Yau Tong, Kowloon (the "**Yau Tong Properties**") by Shui Jun Nursing Centre (Yau Tong) Company Limited (瑞臻護老中心 (油塘) 有限公司) ("**Shui Jun (Yau Tong)**") for the operation of an elderly residential care home is inconsistent with the user stated in the deed of mutual covenants and occupation permits of the Yau Tong Properties and Shui Jun (Yau Tong) or the relevant landlords failed to serve a notice under Section 25 of the Buildings Ordinance (Cap. 123 of the Laws of Hong Kong) to the Building Authority about the intended change of user of the Yau Tong Properties.

As at the date of this announcement, no warning letters from the Lands Department had been received nor any inspection, fines or prosecution action had been taken by the Hong Kong Government or any competent authorities with respect to the said incident. The Company will keep the shareholders of the Company (the "**Shareholders**") and potential investors informed of any material development in connection with the above matter as and when appropriate in compliance with the GEM Listing Rules.

The audited financial information for the year ended 31 December 2023 together with the comparative figures for the last year were as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**

*For the year ended 31 December 2023*

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
<b>Revenue</b>	4	<b>211,214</b>	193,041
Other income	6	<b>10,269</b>	49,595
Staff costs		<b>(92,926)</b>	(99,781)
Property rental and related expenses		<b>(8,574)</b>	(13,638)
Depreciation and amortisation		<b>(47,182)</b>	(41,295)
Food		<b>(6,857)</b>	(5,723)
Medical fees		<b>(9,933)</b>	(10,797)
Professional and legal fees		<b>(3,014)</b>	(4,086)
Utility expenses		<b>(5,394)</b>	(4,364)
Consumables		<b>(3,180)</b>	(2,713)
Other operating expenses		<b>(10,018)</b>	(10,417)
Finance costs	7	<b>(3,518)</b>	(3,702)
<b>Profit before tax</b>		<b>30,887</b>	46,120
Income tax expenses	8	<b>(4,683)</b>	(7,510)
<b>Profit and total comprehensive income for the year</b>	9	<b>26,204</b>	38,610
Attributable to:			
Owners of the Company		<b>23,408</b>	36,498
Non-controlling interests		<b>2,796</b>	2,112
		<b>26,204</b>	38,610
<b>Earnings per share attributable to the owners of the Company</b>	11		
Basic and diluted ( <i>HK cents</i> )		<b>5.85</b>	9.12

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		As at 31 December	
		2023	2022
	Notes	HK\$'000	HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		21,219	20,091
Right-of-use assets		81,122	98,889
Intangible assets		2	194
Goodwill		112,790	112,790
Deposits		9,885	12,548
Deferred tax assets		1,793	2,349
<b>Total non-current assets</b>		<b>226,811</b>	<b>246,861</b>
<b>Current assets</b>			
Trade receivables	12	2,140	480
Prepayments, deposits and other receivables		7,917	10,780
Tax recoverable		3,067	2,953
Fixed bank deposits		12,153	37,826
Cash and cash equivalents		46,196	38,491
<b>Total current assets</b>		<b>71,473</b>	<b>90,530</b>
<b>Current liabilities</b>			
Trade payables	13	1,306	1,244
Other payables and accruals		19,678	23,460
Amount due to a related company		468	527
Income tax payables		317	1,201
Lease liabilities		38,020	42,591
<b>Total current liabilities</b>		<b>59,789</b>	<b>69,023</b>
<b>Net current assets</b>		<b>11,684</b>	<b>21,507</b>
<b>Total assets less current liabilities</b>		<b>238,495</b>	<b>268,368</b>
<b>Non-current liability</b>			
Lease liabilities		41,140	57,217
<b>Net assets</b>		<b>197,355</b>	<b>211,151</b>

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Capital and reserves</b>		
Share capital	<b>4,000</b>	4,000
Reserves	<b>184,389</b>	200,981
	<hr/>	<hr/>
<b>Equity attributable to owners of the Company</b>	<b>188,389</b>	204,981
<b>Non-controlling interests</b>	<b>8,966</b>	6,170
	<hr/>	<hr/>
<b>Total equity</b>	<b>197,355</b>	211,151
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## NOTES TO FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Hang Chi Holdings Limited (the “**Company**”) is a public limited company incorporated in the Cayman Islands and its shares are listed on the GEM of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of the principal place of business of the Company is situated at Unit 1107, 11/F., Tower 3 Enterprise Square, No. 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

In the opinion of the directors of the Company, the holding company of the Company is Shui Wah Limited (“**Shui Wah**”), which was incorporated in the British Virgin Islands (“**BVI**”). The Company’s ultimate holding company is Multifield Investment Development Limited, a company incorporated in the BVI with limited liability on 8 January 2010, which is wholly owned by Mr. Yik Tak Chi.

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are principally engaged in the providing comprehensive residential care home services to the elderly residents and trading of healthcare and medical consumable products.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

### 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“**IFRSs**”)

In the current year, the Group has applied, for its first time, the following new and amendments to IFRSs issued by the International Accounting Standards Board (the “**IASB**”) which are effective for the Group’s financial year beginning on 1 January 2023.

Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>
IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	<i>Insurance Contracts</i>

The application of the new and amendments to IFRSs in the current year has had no material impact on the Group’s financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## Amendments to IFRSs issued but not yet effective

The Group has not early applied the following amendments to IFRSs that have been issued but are not yet effective:

Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current<sup>1</sup></i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants<sup>1</sup></i>
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback<sup>1</sup></i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements<sup>1</sup></i>
Amendments to IAS 21	<i>Lack of Exchangeability<sup>2</sup></i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>3</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that, the application of the all amendments to IFRSs will have no material impact on the results and the financial position of the Group.

## Change in accounting policy

### *New Hong Kong Institute of Certified Public Accountants (“HKICPA”) guidance on the accounting implication of the abolition of the mandatory provident fund (“MPF”) – long service payment (“LSP”) offsetting mechanism*

In June 2022, the Hong Kong SAR Government (the “**Government**”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”), which will come into effect from 1 May 2025 (the “**Transition Date**”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to MPF scheme to reduce the LSP in respect of an employee’s service from the Transition Date (the abolition of the “**offsetting mechanism**”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published “Accounting implication of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism.

The Group has considered the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. Historically, the Group accounted for the offsetting mechanism by applying the practical expedient in IAS19.93(b). Based on the HKICPA guidance, upon the enactment of the Amendment Ordinance in June 2022, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying IAS19.93(a).

The Group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance retrospectively. There is no material impact on the Group’s results and financial position for the current or prior periods.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) and by the Hong Kong Company Ordinance.

The consolidated financial statements have been prepared on historical cost basis at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique.

### 4. REVENUE

Revenue represents revenue arising from rendering of elderly home care services and sales of elderly related goods and provision of healthcare services. An analysis of the Group’s revenue for the year is as follows:

	2023 <i>HK\$’000</i>	2022 <i>HK\$’000</i>
Revenue from contracts with customers within the scope of IFRS 15		
– Rendering of elderly home care services	159,255	145,144
– Sales of elderly related goods and provision of healthcare services	<u>51,959</u>	<u>47,897</u>
Total revenue from contracts with customers	<u><u>211,214</u></u>	<u><u>193,041</u></u>

Disaggregation of revenue from contracts with customers by timing of recognition:

	Rendering of elderly home care services <i>HK\$’000</i>	Sales of elderly related goods and provision of healthcare services <i>HK\$’000</i>	Total <i>HK\$’000</i>
<b>For the year ended 31 December 2023</b>			
Timing of revenue recognition			
At a point in time	–	31,166	31,166
Over time	<u>159,255</u>	<u>20,793</u>	<u>180,048</u>
	<u><u>159,255</u></u>	<u><u>51,959</u></u>	<u><u>211,214</u></u>

	Rendering of elderly home care services <i>HK\$'000</i>	Sales of elderly related goods and provision of healthcare services <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 December 2022			
Timing of revenue recognition			
At a point in time	–	27,979	27,979
Over time	145,144	19,918	165,062
	<u>145,144</u>	<u>47,897</u>	<u>193,041</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
– Rendering of elderly home care services	303	320
– Sales of elderly related goods and provision of healthcare services	344	137
	<u>647</u>	<u>457</u>

### Performance Obligations

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

#### *Rendering of services*

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

#### *Sale of goods*

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

#### *Transaction price allocated to the remaining performance obligations for contracts with customers*

The transaction prices allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as at 31 December 2023 and 2022 and the expected timing of recognition are, as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within one year	<u>440</u>	<u>647</u>

## 5. SEGMENT INFORMATION

Information reported to the directors of the Company, being the chief operating decision maker (the “CODM”), for the purpose of resource allocation and assessment of segment performance focuses on types of goods and services provided. No operating segments identified by the CODM has been aggregated in arriving at the reportable segments of the Group.

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

### Geographical information

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

### Information about major customers

Revenue of approximately HK\$56,149,000 for the year ended 31 December 2023 (2022: HK\$44,872,000), which amounted to more than 10% of the Group’s revenue, was derived from the Hong Kong Government under the Enhanced Bought Place Scheme (“EBPS”) and the Bought Place Scheme on Day Care Units (“Day Care Services”).

## 6. OTHER INCOME

	2023 <i>HK\$’000</i>	2022 <i>HK\$’000</i>
Bank interest income	1,647	263
Government grants ( <i>Note i</i> )	4,678	10,727
Provision of care support services ( <i>Note ii</i> )	–	34,612
Rental income	3,359	2,949
Others	585	1,044
	<u>10,269</u>	<u>49,595</u>

### Notes:

- (i) During the year ended 31 December 2023, the Group recognised government grants of approximately HK\$180,000 (2022: HK\$5,648,000) in respect of COVID-19-related subsidies, of which Nil (2022: HK\$5,203,000) related to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund. The remaining government grants of approximately HK\$4,498,000 (2022: HK\$5,079,000) related to the Infirmity Care Supplement, Dementia Supplement, Training Subsidy Scheme for Staff of Residential Care Homes, Elderly Health Care Voucher Scheme and Electrical Equipment Upgrade Scheme. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.
- (ii) During the year ended 31 December 2022, the Group recognised the special allowance for provision of care support service to service users who were admitted to residential care homes for quarantine which supported by Social Welfare Department. The special allowance was terminated in December 2022.

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interests expenses on:		
Lease liabilities	3,508	3,702
Long service payment obligation	<u>10</u>	<u>–</u>
	<u><b>3,518</b></u>	<u><b>3,702</b></u>

## 8. INCOME TAX EXPENSES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	4,466	7,183
Over provision in prior years:		
Hong Kong Profits Tax	(339)	(866)
Deferred tax	<u>556</u>	<u>1,193</u>
	<u><b>4,683</b></u>	<u><b>7,510</b></u>

*Notes:*

- (i) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. For the years ended 31 December 2023 and 2022, Hong Kong Profits Tax of the qualified entities of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other entities of the Group in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

The income tax expenses can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit before tax	<u>30,887</u>	<u>46,120</u>
Tax at the domestic income tax rate of 16.5% (2022: 16.5%)	5,096	7,609
Tax effect of expenses not deductible for tax purposes	155	250
Tax effect of income not taxable for tax purposes	(625)	(935)
Tax effect of deductible temporary differences not recognised	561	1,617
Effect of two-tiered profits tax rates regime	(165)	(165)
Over-provision in prior years	<u>(339)</u>	<u>(866)</u>
Income tax expenses for the year	<u>4,683</u>	<u>7,510</u>

## 9. PROFIT FOR THE YEAR

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Directors' and chief executive's emoluments	5,523	5,853
Salaries, wages, allowances and other benefits	83,506	88,331
Contributions to retirement benefits scheme (excluding directors' and chief executive's emoluments)	<u>2,529</u>	<u>2,693</u>
Total staff costs	<u>91,558</u>	<u>96,877</u>
Auditor's remuneration	1,320	1,200
Depreciation of property, plant and equipment	4,589	3,471
Depreciation of right-of-use assets	42,401	34,266
Amortisation of intangible assets	192	3,558
Amount of inventories recognised as an expense	14,228	12,865
Loss on written-off of property, plant and equipment	413	–
Expenses related to short-term leases	<u>516</u>	<u>6,542</u>

## 10. DIVIDENDS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
2022 Final – HK\$0.1 (2022: Nil) per ordinary share	<u>40,000</u>	<u>–</u>

Subsequent to the end of the reporting period, a final dividend of HK\$0.04 per share in respect of the year ended 31 December 2023, in aggregate amount of HK\$16,000,000, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

On 21 March 2023, a final dividend of HK\$0.1 per share in respect of the year ended 31 December 2022, in aggregate amount of HK\$40,000,000, has been proposed by the directors of the Company. The aggregate amount of the proposed dividend is paid out of retained profit during the year ended 31 December 2023.

The distribution amounts set out in the consolidated statement of changes in equity of HK\$6,600,000 for the year ended 31 December 2022 represented the dividends declared by Guardian Home Limited (“**Guardian Home**”), a non-wholly-owned subsidiary of the Company, to its non-controlling shareholders.

## 11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Earnings</b>		
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>23,408</u>	<u>36,498</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>400,000,000</u>	<u>400,000,000</u>

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2023 and 2022 as the Group had no potentially dilutive ordinary shares in issue during these years.

## 12. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	<u>2,140</u>	<u>480</u>

The Group normally requires its customers to make payments in advance. The Group's customers settle their bills in a timely manner and therefore, the Group's exposure to credit risks is insignificant.

The Group grants credit period ranging from 0 to 90 days (2022: 0 to 90 days) to its customers. The following is the ageing analysis of trade receivables presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 to 30 days	1,499	299
31 to 60 days	605	152
61 to 90 days	25	13
Over 90 days	<u>11</u>	<u>16</u>
Trade receivables	<u>2,140</u>	<u>480</u>

The provision or reversal of provision for impaired trade receivables was charged to the consolidated statement of profit or loss and other comprehensive income. Amounts charged to the loss allowance accounts are generally written off when there is no expectation of recovering the amount. As at 31 December 2023, no impairment loss was recognised (2022: Nil).

The carrying amounts of trade receivables approximate their fair values and denominated in HK\$.

## 13. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 3 months	<u>1,306</u>	<u>1,244</u>

The average credit period granted by its suppliers ranging from 30 to 60 days. The Group has financial risk management in place to ensure that all payables are settled within the credit timeframe.

The carrying amounts of trade payables approximate their fair values and denominated in HK\$.

## **CORPORATE GOVERNANCE PRACTICES**

The Company believes that good corporate governance provides a framework that is crucial for effective management, healthy corporate culture, sustainable business growth and promoting shareholders' value. The corporate governance principles of the Company emphasise a quality Board, proper internal controls, and improves transparency and accountability for the benefit of the Shareholders.

During the Reporting Year, the Company has adopted and complied with, where applicable, the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the GEM Listing Rules.

## **CODE OF CONDUCT OF DIRECTORS' SECURITIES TRANSACTIONS**

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

## **COMPETING BUSINESS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

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

## **SHARE OPTION SCHEME**

The Company adopted the Share Option Scheme on 21 June 2017 which shall be valid and effective for a period of 10 years commencing on 21 June 2017, after which no further options will be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects.

The purpose of the Share Option Scheme is to provide incentives to or to reward the contributions of the Directors and other eligible participants. Eligible participants under the Share Option Scheme include any full-time or part-time employee of the Group, including any Directors, suppliers, customers, agents, advisors and consultants of the Group.

The total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and other share option scheme is 40,000,000, representing 10% of the Shares in issue as at the date of this announcement. The maximum number of shares issuable upon exercise of the options granted to each eligible participant under the Share Option Scheme and any other share option scheme of the Group in any twelve-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of share options in excess of this limit is subject to shareholders' approval. The total number of Shares issued and to be issued upon exercise of the options granted to each eligible participant under the Share Option Scheme and any other share option scheme of the Group in any twelve-month period shall not exceed 1% of the Shares in issue from time to time. Any further grant of share options in excess of this limit is subject to shareholders' approval.

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

## **ARRANGEMENTS TO ACQUIRE SHARES AND DEBENTURES**

Other than the Share Option Scheme above, at no time during the Reporting Year, was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) or to acquire benefits by means of acquisitions of shares in, or debentures of, the Company or any other body corporate.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

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

## **CONNECTED TRANSACTIONS**

As the original tenancy agreements would expire on 30 June 2022, on 14 March 2022, Shui Jun (Yau Tong), a wholly-owned subsidiary of the Company, as tenant, entered into two new tenancy agreements (collectively, the “**Tenancy Agreements**”) with Ever Premier Limited (“**Ever Premier**”) and Roymark Limited (“**Roymark**”), as landlords, respectively, to renew the original tenancy agreements expired on 30 June 2022. The premises under the Tenancy Agreements are rented by Shui Jun (Yau Tong) for the operation of the elderly residential care home under the name of Shui Jun Nursing Centre (Yau Tong) Company Limited (瑞臻護老中心 (油塘) 有限公司) from 1 July 2022 to 30 June 2026 at the monthly rental of HK\$200,000 and HK\$890,000 per month, respectively.

As at the date of this announcement, (i) Roymark is beneficially owned as to 40% by Mr. Yik Tak Chi (易德智) (“**Mr. Yik**”) (through Hang Chi Development & Investment Limited (“**HCDI**”)), 25% by Ms. Yik Wai Hang (易蔚恒) (“**Ms. WH Yik**”) and 35% by two other independent third parties who are not connected persons of the Company under the GEM Listing Rules (“**Independent Third Party(ies)**”); (ii) the board of directors of Roymark consists of five directors, including Mr. Yik, Ms. WH Yik, Mr. Lui Chi Tat (雷志達) (“**Mr. Lui**”) and two other Independent Third Parties; (iii) Ever Premier is wholly-owned by Roymark; and (iv) the board of directors of Ever Premier consisted of two directors, including Mr. Yik and Mr. Lui.

As (a) Mr. Yik is an executive Director and a controlling shareholder of the Company; (b) Mr. Lui is the chief executive officer of the Company and an executive Director; and (c) Ms. WH Yik is a controlling shareholder of the Company, a sister of Mr. Yik and the mother of Mr. Lui, Roymark and Ever Premier are associates of connected persons of the Company under the GEM Listing Rules and the transactions contemplated under the Tenancy Agreements constitute connected transactions of the Company under Chapter 20 of the GEM Listing Rules. Furthermore, by virtue of the aforesaid relationship, the transactions contemplated under the Tenancy Agreements are required to be aggregated for the purpose of classification of connected transactions in accordance with Rule 20.79 of the GEM Listing Rules.

The aforesaid connected transactions have been reviewed by the independent non-executive Directors, who are of the view that the transactions are on normal commercial terms and in the ordinary and usual course of business of the Group and the terms of the Tenancy Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Pursuant to IFRS 16, leases shall be recognised as right-of-use assets in the Group’s consolidated statement of financial position. Accordingly, the entering into of the Tenancy Agreements will be regarded as a one-off acquisition of assets of the Group for the purposes of the GEM Listing Rules.

Given that one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Tenancy Agreements based on the estimated value of right-of-use assets recognised by the Group pursuant to IFRS 16 exceed 5% but all are less than 25%, the Tenancy Agreements, on an aggregate basis, constitute discloseable and connected transactions of the Company under Chapters 19 and 20 of the GEM Listing Rules and is subject to the reporting, announcement and independent shareholders’ approval requirements under the GEM Listing Rules.

Approval from independent Shareholders for the Tenancy Agreements and the transactions contemplated thereunder was obtained at the annual general meeting of the Company held on 27 June 2022.

The Group confirms that it has complied and will continue to comply with the relevant provisions of Chapters 19 and Chapter 20 of the GEM Listing Rules in relation to the continuing connected transactions of the Company.

Save as the transactions above, none of the related party transactions undertaken by the Group during the Reporting Year set out in the consolidated financial statements constituted connected transaction or continuing connected transaction under Chapter 20 of the GEM Listing Rules.

## **REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITOR**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Group's independent auditor, Prism Hong Kong and Shanghai Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Prism Hong Kong and Shanghai Limited in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Related Services or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standard Board and consequently, no assurance has been expressed by Prism Hong Kong and Shanghai Limited on this preliminary announcement.

## **AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS**

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

The Audit Committee has reviewed with the management and the independent auditor of the Company the annual results and the audited consolidated financial statements of the Group for the Reporting Year, which are of the opinion that such statements have complied with the applicable accounting standards and that adequate disclosures have been made.

## **ANNUAL GENERAL MEETING ("AGM")**

The AGM will be held on Thursday, 9 May 2024. A formal notice of the AGM will be published and despatched to the Shareholders in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

### **Entitlement to Attend and Vote at the AGM**

For determining the Shareholders' eligibility to attend and vote at the forthcoming AGM to be held on Thursday, 9 May 2024 (the "2024 AGM"), the register of members of the Company will be closed from Saturday, 4 May 2024 to Thursday, 9 May 2024, both days inclusive, during which period no transfer of Shares will be registered. The record date will be Thursday, 9 May 2024. In order to qualify for attending and voting at the 2024 AGM, all transfer of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong for registration no later than 4:30 p.m. on Friday, 3 May 2024.

### **Entitlement to the Proposed Final Dividend**

For the purposes of determining the Shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 21 May 2024 to Thursday, 23 May 2024, both days inclusive, during which period no share transfer will be effected. The record date will be Thursday, 23 May 2024. In order to qualify for the entitlement of the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong no later than 4:30 p.m. on Monday, 20 May 2024. If the resolution for approving the proposed final dividend is passed at the AGM, the proposed final dividend will be payable on Thursday, 6 June 2024.

By order of the Board  
**Hang Chi Holdings Limited**  
恒智控股有限公司  
**Yik Tak Chi**  
*Chairman and Executive Director*

Hong Kong, 18 March 2024

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

*This announcement will remain on the "Latest Listed Company Information" page of the Stock Exchange's website at <http://www.hkexnews.hk> for at least 7 days from the date of its posting and will also be published on the Company's website at [www.shuionnc.com](http://www.shuionnc.com).*