



**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**  
**以人為本 全身投入**



**2024**  
Interim Report

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# Corporate Information

## BOARD OF DIRECTORS

### *Executive Directors*

Ngai Ka Yee

Ngai Shi Shing Godfrey (*Chairman and  
Chief Executive Officer*)

Lau Kwok Wo (*Appointed on 2 April 2024*)

### *Independent non-executive Directors*

Or Kevin

Wong Vinci

Wu Wing Fong

Lo Ning (*retired on 30 August 2024*)

## 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.elderlyhk.com](http://www.elderlyhk.com)

## COMPANY SECRETARY

Kwok Chi Kan (*HKICPA*)

## AUTHORISED REPRESENTATIVES

Ngai Shi Shing Godfrey

Kwok Chi Kan

## BOARD COMMITTEES

### *Audit Committee*

Or Kevin (*Chairman*)

Wong Vinci

Wu Wing Fong

Lo Ning (*retired on 30 August 2024*)

### *Remuneration Committee*

Wong Vinci (*Chairman*)

Ngai Shi Shing Godfrey

Or Kevin

Lo Ning (*retired on 30 August 2024*)

### *Nomination Committee*

Lo Ning (*Chairlady*) (*retired on 30 August 2024*)

Wong Vinci (*Chairman*)

(*appointed on 30 August 2024*)

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

# 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 30 September 2024, the Group had a network of eleven (31 March 2024: nine) care and attention homes for the elderly with 1,378 residential care places (31 March 2024: 1,229 residential care places) strategically located across six (31 March 2024: five) districts in Hong Kong. The Group’s care and attention homes for the elderly 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” and “Hing Tin Elderly Centre”, all bearing the same logo.

The Group’s customers primarily consisted of two groups, namely (i) the Social Welfare Department (the “**SWD**”) with which the Group entered into contractual arrangements pursuant to which the SWD purchased residential care places from the Group under the Enhanced Bought Place Scheme (the “**EBPS**”) or pursuant to which the SWD subsidised residential care places from the Group under the awarded tender operating a Contract Home; and (ii) individual customers who settled their own residential fee, being those who were subsidised by the SWD under the Residential Care Service Voucher Scheme for the Elderly, and those who were subsidised by the SWD under the EBPS but settled the unsubsidised portion by themselves.

# Management Discussion and Analysis

The following table sets forth a summary of the basic information of the Group's RCHes as at 30 September 2024:

	Location	Year of commencement of operation by the Group	Number of residential care places (excluding isolated beds)		Total	Classification under the EBPS
			Under the EBPS or Contract Home	For individual customers not under the EBPS and Contract Home		
Kato Home for the Elderly ("Kato Elderly Home")	Tuen Mun	1999	126	54	180	EA1 <sup>(1)</sup>
Kato Home for the Aged	Tuen Mun	1998	80	23	103	EA1 <sup>(1)(3)</sup>
Fai-To Home for the Aged (On Lai) Branch ("Fai To Home (On Lai)")	Tuen Mun	1997	28	19	47	EA1 <sup>(1)(3)</sup>
Fai To Home for the Aged (Tuen Mun) Branch ("Fai To Home (Tuen Mun)")	Tuen Mun	1995	44	46	90	EA2 <sup>(2)</sup>
Fai To Sino West Combined Home for the Aged ("Fai To Sino West Home")	To Kwa Wan	2000	148	146	294	EA1 <sup>(1)</sup>
Happy Luck Elderly Home Limited ("Happy Luck Home")	Tsuen Wan	2015	75	71	146	EA1 <sup>(1)</sup>
Tsuen Wan Elderly Centre Limited ("Tsuen Wan Centre")	Tsuen Wan	2008	79	71	150	EA1 <sup>(1)</sup>
Pine Villa	Tseung Kwan O	2013	N/A	90	90	N/A
Ka Shui Garden Nursing Home for the Elderly ("KSG Nursing Home")	Sham Shui Po	2023	80	20	100	N/A
Hing Tin Elderly Centre ("Hing Tin Centre")	Lam Tin	2024	–	76	76	N/A
Ka Shui Garden Nursing Home for the Elderly (Tak Tin) ("KSG Tak Tin")	Lam Tin	2024	42	60	102	N/A
			702	676	1,378	

*Notes:*

- Being one of the two categories under the EBPS. EA1 homes have higher requirements in terms of staffing and per capita net floor space as compared to EA2 homes. As required under the EBPS, the staffing requirement for an EA1 home with 40 places is 21.5, calculated on the basis of eight working hours per staff per day including relief staff and its per capita net floor area is 9.5 m<sup>2</sup>.

# Management Discussion and Analysis

- Being one of the two categories under the EBPS. EA2 homes have lower requirements in terms of staffing and per capita net floor area as compared to EA1 homes. As required under the EBPS, the staffing requirement for an EA2 home with 40 places is 19, calculated on the basis of eight working hours per staff per day, including relief staff, and its per capita floor net area is 8 m<sup>2</sup>.
- Fai To Home (On Lai) and Kato Home for the Aged upgraded to EA1 since August 2024 and September 2024 respectively.

The following table sets forth the average monthly occupancy rate of each respective RCHEs as at 30 September 2024 and 31 March 2024:

	<b>Average monthly occupancy rate <sup>(Note)</sup></b>	
	<b>As at 30 September 2024 %</b>	<b>As at 31 March 2024 %</b>
Kato Elderly Home	<b>97.1</b>	96.0
Kato Home for the Aged	<b>81.9</b>	83.9
Fai To Home (On Lai)	<b>86.8</b>	75.1
Fai To Home (Tuen Mun)	<b>86.3</b>	89.6
Fai To Sino West Home	<b>93.5</b>	84.4
Happy Luck Home	<b>90.6</b>	85.4
Tsuen Wan Centre	<b>82.4</b>	81.1
Pine Villa	<b>98.3</b>	97.1
KSG Nursing Home	<b>91.5</b>	92.9
Hing Tin Centre	<b>65.8</b>	N/A
KSG (Tak Tin)	<b>94.1</b>	N/A
<b>Overall</b>	<b>89.7</b>	87.3

*Note:*

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

# Management Discussion and Analysis

## Community care and day care services for the elderly

### (i) Home-based and centre-based services

The Group offered home-based services under the pilot scheme on Community Care Service Voucher (the “**CCSV**”) for the elderly launched by the SWD, which aim to help families in need of home care services while relieving their financial and caregiving pressures. Our home-based services include hospital outpatient and discharge escort, caregiver training, home safety assessment, physiotherapy, nursing support, etc.

As at 30 September 2024, Fai To Sino West Home, Ka Shui Garden Day Care Centre (Tsuen Wan), Kato Elderly Home and Pine Villa are the recognised service providers under the pilot scheme on CCSV, covering four (31 March 2024: five) contract homes, with a total capacity of centre-based services of 100 places (31 March 2024: 120) and home-based services of 800 (31 March 2024: 1,000) voucher holders.

### (ii) Day care service

Day-care centres for elderly provide on-site elderly care services during daytime, which generally exclude overnight care services. To extend the Group’s reach to non-residents. The Group has commenced providing day care services to elderly, covering a range of centre-based care and support services during daytime to enable the day care service users who suffer from moderate to severe level of impairment to achieve optimal level of functioning, develop their potential, improve their quality of life, and continue to live in their own homes wherever feasible and possible. As at 30 September 2024 and 31 March 2024, two of the Group’s care and attention homes for the elderly were entitled to offer day care services with a total of 30 subsidised day care places pursuant to the Bought Place Scheme Day Care Units for the Elderly (the “**BPS**”).

## Medical and laboratory services

The Group tapped into medical diagnostic and imaging and health check markets in Hong Kong in 2022. The Group provides versatile healthcare services, including but not limited to general physical examinations, X-ray, ECG, mammography, ultrasound, DEXA Bone Densitometry and various laboratory tests. As at 30 September 2024, the Group had three (31 March 2024: five) medical and health check-up centres located across three (31 March 2024: four) districts in Hong Kong.



# Management Discussion and Analysis

## FINANCIAL HIGHLIGHTS

### 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 medical and laboratory services; and (v) rendering of elderly community care services. The following table sets forth the breakdown of revenue for the Group's revenues by types of services for the six months ended 30 September 2024 (the "Period") and the six months ended 30 September 2023 (the "Previous Period"):

	For the six months ended 30 September			
	2024		2023	
	HK\$'000	%	HK\$'000	%
<b>Rendering of elderly home care services</b>				
– residential care places purchased by the SWD under the EBPS and the Contract Home	<b>62,739</b>	<b>42.3</b>	60,471	44.8
– residential care places purchased by individual customers	<b>46,764</b>	<b>31.6</b>	38,990	28.8
<b>Sales of elderly home related goods</b>	<b>24,548</b>	<b>16.6</b>	22,573	16.7
	<b>134,051</b>	<b>90.5</b>	122,034	90.3
<b>Rental and management fee income</b>	<b>8,216</b>	<b>5.6</b>	3,132	2.3
<b>Rendering of medical and laboratory services</b>	<b>4,141</b>	<b>2.8</b>	5,551	4.1
<b>Rendering of elderly community care services</b>	<b>1,563</b>	<b>1.1</b>	4,440	3.3
<b>Total</b>	<b>147,971</b>	<b>100.0</b>	135,157	100.0

# Management Discussion and Analysis

The revenue increased from approximately HK\$135.2 million for the Previous Period to approximately HK\$148.0 million for the Period mainly due to (i) increase in revenue from rendering of elderly home care services as two new care and attention homes located in Lam Tin commenced operation during the Period; and (ii) increase in rental and management fee income as the Group completed acquisition of the properties located at Tsuen Wan in February 2024 and rented to an independent third party for operation of an elderly home since then.

## Employee benefit expenses

Employee benefit expenses comprised of wages and salaries, retirement benefit scheme contributions, staff welfare and benefits, directors' remunerations, provision for long service payments and share-based payment expense. The employee benefits expenses increased from approximately HK\$54.5 million for the Previous Period to approximately HK\$58.5 million for the Period. The increase was primarily due to (i) increase in number of staff due to commencement of operation for two care and attention homes located in Lam Tin with 178 residential care places during the Period; and (ii) general salaries increment for staff.

## Food and beverage costs

Food and beverage costs are food ingredients and beverages costs used for the provision of meals to the residents. Food and beverage costs increased to approximately HK\$6.3 million for the Period (Previous Period: approximately HK\$4.9 million) mainly due to (i) commencement of operation for two care and attention homes located in Lam Tin during the Period; and (ii) increase in average monthly occupancy rate.

# Management Discussion and Analysis

## Profit for the Period

As a result of the foregoing, the profit for the Period increased by approximately 26.7% to approximately HK\$25.5 million as compared to approximately HK\$20.1 million for the Previous Period.

## INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the Period (Previous Period: HK1.0 cent per share).

## LIQUIDITY AND FINANCIAL RESOURCES

The Group's net assets was approximately HK\$441.0 million as at 30 September 2024 (31 March 2024: approximately HK\$434.5 million). As at 30 September 2024, the Group's net current assets was approximately HK\$0.6 million (31 March 2024: approximately HK\$7.0 million), including cash and cash equivalents of approximately HK\$50.0 million (31 March 2024: approximately HK\$37.4 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 1.0 times as at 30 September 2024 (31 March 2024: approximately 1.1 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 has been applied, including the use of bank borrowings or placing of new shares. The management will continue its efforts to obtain the best rates and most favourable terms available to the Group for its financing.

# Management Discussion and Analysis

The Group monitors its capital with reference to its 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 cash and cash equivalents, short-term bank deposits and restricted bank deposits. Total capital represents total equity as shown on the interim condensed consolidated statement of financial position of the Group.

The gearing ratio as at 30 September 2024 and 31 March 2024 were as follows:

	<b>30 September 2024 HK\$'000</b>	31 March 2024 HK\$'000
Bank borrowings	<b>221,307</b>	234,314
Lease liabilities	<b>136,529</b>	149,989
	<b>357,836</b>	384,303
Less: Cash and cash equivalents	<b>(50,002)</b>	(37,420)
Short-term bank deposits	<b>(1,100)</b>	(30,100)
Restricted bank deposits	<b>(10,491)</b>	(10,491)
	<b>(61,593)</b>	(78,011)
Net debt	<b>296,243</b>	306,292
Total equity	<b>440,965</b>	434,527
Gearing ratio	<b>67.2%</b>	70.5%

# Management Discussion and Analysis

As at 30 September 2024, bank borrowings of the Group bore floating interest rate and was denominated in HK\$, the maturity profile of which are set out as follows:

	HK\$'000
Within 1 year	27,214
More than 1 year but less than 2 years	25,846
More than 2 years but less than 5 years	53,091
More than 5 years	115,156
	<hr/>
	221,307

## CAPITAL COMMITMENTS

As at 30 September 2024, the Group had capital commitments for property and equipment, amounting to approximately HK\$13.6 million (31 March 2024: approximately HK\$13.9 million) after netting off the prepayment for the purchase of property and equipment.

## CAPITAL STRUCTURE

There had been no changes in the capital structure of the Group during the Period. As at the date of this report, the share capital of the Company only comprised of ordinary shares.

## INVESTMENT PROPERTIES

The Group's investment properties comprise elderly home, commercial complex, retail shops, fresh market stalls, cooked food stalls, storerooms and car park spaces in Lam Tin and Tsuen Wan and are leased to third parties under operating leases for rental income. As at 30 September 2024, the Group's investment properties amounted to HK\$368.1 million (31 March 2024: HK\$368.1 million).

## SIGNIFICANT INVESTMENTS

During the Period, the Group did not hold any significant investment.

# Management Discussion and Analysis



## **MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES**

During the Period, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

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

In July 2021, the Group completed acquisition of four parcels of land in Yuen Long for establishment of another new care and attention home with approximately 250 residential care places, which is expected to commence operation in late 2026.

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

## **CONTINGENT LIABILITIES**

As at 30 September 2024 and 31 March 2024, the Group did not have any significant contingent liabilities.

## **EVENTS AFTER THE DATE OF REPORTING PERIOD**

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

## **FOREIGN EXCHANGE EXPOSURE**

The Group solely operates in Hong Kong and the majority of the Group's transactions and the Group's cash and cash equivalents are denominated in Hong Kong Dollar. The Group is not exposed to any foreign currency risk on transaction that is in a currency other than the functional currency of the Group. The Group did not resort to any foreign currency hedging facilities during the Period, but the management will continuously monitor foreign exchange exposure and will consider hedging significant foreign currency exposure where appropriate.

# Management Discussion and Analysis

## PLEDGE OF ASSETS

As at 30 September 2024, investment properties, property and equipment and right-of-use assets with an aggregate carrying amount of approximately HK\$453.3 million (31 March 2024: approximately HK\$455.1 million) and restricted bank deposit of approximately HK\$10.5 million (31 March 2024: approximately HK\$10.5 million) were pledged to secure banking facilities granted to the Group. Save for the above, the Group had no other pledge of assets as at 30 September 2024 and 31 March 2024.

## EMPLOYEES AND REMUNERATION POLICIES

The total number of full-time and part-time employees was 581 as at 30 September 2024 (31 March 2024: 469). The Group's employee benefit expenses mainly include salaries, discretionary bonuses, medical insurance coverage, staff quarter, other staff benefits and contributions to retirement schemes. Share options were granted to certain Directors and other eligible employees of the Group to reward their contributions under the share option scheme of the Company (the "**Share Option Scheme**"). The Group's total employee benefit expenses (including directors' emoluments) for the Period amounted to approximately HK\$58.5 million (Previous Period: approximately HK\$54.5 million).

Remuneration is determined generally with reference to the qualification, experience and work performance of the relevant employee, whereas the payment of discretionary bonus is generally subject to work performance of the relevant employee, the financial performance of the Group in that particular year and general market conditions.

The Directors confirm that there is no material change in the nature of business of the Group and consider the above change in the use of proceeds is fair and reasonable as this allows the Group to deploy its financial resources more effectively to enhance the profitability of the Group and is in the interests of the Group and its shareholders as a whole.

# Management Discussion and Analysis

## PROSPECTS

According to Hong Kong population projections for 2022–2046 released by the Census and Statistics Department, the number of elderly persons in Hong Kong is projected to increase from 1.45 million in 2021 to 2.74 million, over a third of the total number of people in the city, by 2046. This is partly as a result of the unique demographic challenges that Hong Kong faces. It has the highest life expectancy in the world, with women living on average to 87.9 years old and men 82.5 years, while its birth rate plummeted to 4.4 per 1,000 population in 2023, which invariably leads to escalating demand on residential care home services among older adults.

Our principal business objectives are to solidify our established market position in the private RCHE industry in Hong Kong and enhance our market position in the care and attention homes sector. Also, the Group will continue to participate in various community care related programmes for the provision of accessible, comprehensive, co-ordinated and person-centred care services to the community.

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)", the Group is committed to providing quality residential care home services to our residents. As part of our continuing effort to maintain a high quality of our services, the Group has implemented standardised management and operational procedures and quality controls across our network of care and attention homes for the elderly. With the Group's experienced management team and reputation in the market, the Group will continue to expand its network of RCHE in strategic locations in Hong Kong to serve more elderly residents when there are suitable opportunities. In June 2024, a new care and attention home located in Lam Tin with 76 residential care places under first phase commenced operation, second phase with approximately 146 residential care places is expected to commence operation in late 2024. Also, another new care and attention home located in Lam Tin with 102 residential care places commenced operation in September 2024.



## Management Discussion and Analysis

Having considered the surge in available properties in the market and significant decrease in property prices, the Group completed the acquisition of four pieces of lands in Yuen Long in July 2021 for establishment of a new care and attention home, which is anticipated to provide approximately 250 residential care places and expected to commence operation in late 2026.

In 2022, the Group has been taking initiatives to diversify its business with an objective to broaden its income stream and expand into targeting segments. The Group tapped into medical diagnostic and imaging and health check markets in Hong Kong to raise public awareness of the importance of preventive healthcare and regular check-ups. We provide a wide variety of services to meet incremental, preventive and other health-related needs of the public, including but not limited to health check-ups, mammography, ultrasound, DEXA Bone Densitometry and various laboratory tests. With the ageing population and the increase in health awareness of the public in Hong Kong, we believe our Group could seize the opportunity to gradually expand its market share in this industry.

The Group are confident in its sustainable growth and believes that its management team with extensive industry experience and its agile operations team are able to adapt to the rapid changes of the demand from the community and adjust the business strategy in accordance with market trends.

## Other Information

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

As at 30 September 2024, the interests and short positions of the Directors and the chief executive 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) (i) which were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (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 for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), were as follows:

Name of Directors	Nature of interests	Number of Shares held <sup>(1)</sup>	Percentage of shareholding in the Company’s issued share capital (%) <sup>(5)</sup>
Ms. Ngai Ka Yee (“Ms. Ngai”)	Settlor of a family trust	624,000,000(L) <sup>(2)</sup>	63.40
	Beneficiary owner	10,000,000(L) <sup>(3)</sup>	
Mr. Ngai Shi Shing Godfrey (“Mr. Ngai”)	Beneficiary of a family trust	624,000,000(L) <sup>(2)</sup>	64.53
	Beneficial owner	21,340,000(L) <sup>(4)</sup>	

## Other Information

*Notes:*

- (1) The letter “L” denotes a long position in the Shares.
- (2) These Shares were 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 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 and Mr. Ngai are deemed to be interested in the Shares held by Sheung Fung.
- (3) It represents the interest in the 10,000,000 underlying Shares in respect of the share options granted by the Company to Ms. Ngai under the Share Option Scheme, details of which are disclosed in the section headed “Share Option Scheme” below.
- (4) It represents 11,340,000 Shares held by Mr. Ngai and 10,000,000 underlying Shares in respect of the share options granted by the Company to Mr. Ngai under the Share Option Scheme, details of which are disclosed in the section headed “Share Option Scheme” below.
- (5) The approximate percentages were calculated based on 1,000,000,000 Shares in issue as at 30 September 2024.

Save as disclosed above, as at 30 September 2024, 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.

## Other Information

### 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 30 September 2024, the following persons (not being Directors or chief executive of the Company) had or were deemed or taken to have an interest or short position in the Shares or the underlying Shares 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 <sup>(1)</sup>	Percentage of shareholding in the Company's issued share capital <sup>(5)</sup> (%)
Sheung Fung	Beneficial owner	624,000,000(L)	62.40
The Trustee	Trustee	624,000,000(L) <sup>(2)</sup>	62.40
Ms. Wei Xiaoling	Interest of spouse	645,340,000(L) <sup>(3)</sup>	64.53
Mr. Lam Kong ("Mr. Lam")	Beneficial owner	70,202,000(L) <sup>(4)</sup>	7.02

## Other Information

### Notes:

- (1) The letter “L” denotes a long position in the Shares.
- (2) These Shares were held by Sheung Fung, which is wholly owned by the Trustee. Ms. Ngai 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 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 in respect of the share options granted by the Company to Mr. Lam under the Share Option Scheme, details of which are disclosed in the section headed “Share Option Scheme” below.
- (5) The approximate percentages were calculated based on 1,000,000,000 Shares in issue as at 30 September 2024.

Save as disclosed above, as at 30 September 2024, 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.

### **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 Company listed securities during the Period (including sale of treasury shares). As of the end of the Period, 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. In response to the specific enquiry made by the Company, all Directors have confirmed that they have complied with the Model Code during the Period.

# Other Information

## SHARE OPTION SCHEME

The Share Option Scheme was 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.

Movements in the outstanding share options granted under the Share Option Scheme during the Period 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 30 September 2024	Exercise Price Per Share (Note 1)	Vested Date (dd/mm/yyyy)	Expiry Date (dd/mm/ yyyy)
			Balance as at 1 April 2024	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled/ Forfeited during the Period				
22/03/2022	Mr. Ngai	Chairman of the Board, executive Director, chief executive officer and controlling Shareholder	10,000,000	-	-	-	-	10,000,000	HK\$0.6	22/03/2025	22/03/2032
22/03/2022	Ms. Ngai	Executive director and controlling 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:

- 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 Period, no share option was granted, exercised, lapsed, cancelled or forfeited under the Share Option Scheme, and as at 30 September 2024, 60,000,000 share options were granted to the Directors and other eligible employees.

## Other Information

As of 30 September 2024, the total number of options available for grant at the beginning and the end of the Period under the Share Option Scheme was 40,000,000 shares, representing 4.0% of the total number of issued shares of the Company. 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 the Share Option Scheme during the Period was 60,000,000. The weighted average number of shares for the Period was 1,000,000,000. The number of shares that may be issued in respect of options granted under the Share Option Scheme during the Period divided by the weighted average number of Shares in issue for the reporting period was 0.06.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board has adopted the principles and the code provisions of the Corporate Governance Code (the “**CG Code**”) contained 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 attaining and maintaining 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 complied with all the code provisions in the CG Code during the Period and up to the date of this report, except for the deviation from code provision C.2.1 of the CG Code as noted hereunder.

Code provision C.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Ngai is the chief executive officer of the Company and was appointed as the chairman of the Board on 15 October 2020. Although this deviates from the practice under code provision C.2.1 of the CG Code, which provides that these 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 chairman of the Board 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.

# Other Information

## AUDIT COMMITTEE

The Board has set up an audit committee on 20 May 2019 (the “**Audit Committee**”) 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 are to assist the Board: (i) making recommendations 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 and risk management procedures. As at the date of this report, the Audit Committee is comprised of three independent non-executive Directors, namely, Mr. Or Kevin, Mr. Wong Vinci and Ms. Wu Wing Fong. 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 unaudited condensed consolidated financial statements of the Group for the Period have been reviewed by the Audit Committee.

On behalf of the Board

**Ngai Shi Shing Godfrey**

*Chairman and executive Director*

Hong Kong, 25 November 2024



# Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 September 2024

	Note	For the six months ended 30 September	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Revenue	6	147,971	135,157
Employee benefit expenses, net		(58,496)	(54,474)
Depreciation of property and equipment		(5,919)	(5,477)
Depreciation of right-of-use assets		(17,683)	(18,479)
Property rental and related expenses		(3,798)	(2,484)
Food and beverage costs		(6,289)	(4,943)
Utility expenses		(3,826)	(3,821)
Supplies and consumables		(1,225)	(1,237)
Repair and maintenance		(1,416)	(885)
Subcontracting fees, net		(1,492)	(3,126)
Laundry expenses		(1,252)	(1,198)
Medical fees and related expenses		(1,373)	(1,306)
Legal and professional fee		(789)	(706)
Other operating expenses		(6,589)	(6,719)
Other income and other gains, net		581	368
Finance costs, net	7	(8,148)	(4,654)
Profit before taxation	8	30,257	26,016
Income tax expense	9	(4,756)	(5,890)
Profit for the period		25,501	20,126
<b>Profit/(loss) for the period attributable to</b>			
– Owners of the Company		25,664	19,930
– Non-controlling interests		(163)	196
		25,501	20,126
<b>Earnings per share attributable to the owners of the Company (in HK cents)</b>			
– Basic	11	2.57	1.99
– Diluted	11	2.57	1.99

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

# Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2024

	For the six months ended 30 September	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
<b>Profit for the period</b>	<b>25,501</b>	20,126
<b>Other comprehensive loss:</b> <i>Item that will not be reclassified to profit or loss</i>		
Fair value changes of financial assets at fair value through other comprehensive income	(43)	(204)
<b>Other comprehensive loss for the period, net of tax</b>	<b>(43)</b>	(204)
<b>Total comprehensive income for the period</b>	<b>25,458</b>	19,922
<b>Total comprehensive income/(loss) for the period attributable to</b>		
— Owners of the Company	<b>25,621</b>	19,726
— Non-controlling interests	<b>(163)</b>	196
	<b>25,458</b>	19,922

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

# Interim Condensed Consolidated Statement of Financial Position

As at 30 September 2024

		As at 30 September 2024 (Unaudited) HK\$'000	As at 31 March 2024 (Audited) HK\$'000
	<i>Note</i>		
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	12	102,741	105,014
Investment properties		368,100	368,100
Right-of-use assets	13	265,674	282,115
Deferred tax assets		2,485	2,485
Prepayment and deposits	15	7,437	4,946
Financial assets at fair value through other comprehensive income		654	697
Total non-current assets		747,091	763,357
<b>CURRENT ASSETS</b>			
Trade receivables	14	17,876	12,682
Prepayments, deposits and other receivables	15	12,437	9,251
Short-term bank deposits		1,100	30,100
Restricted bank deposits		10,491	10,491
Cash and cash equivalents		50,002	37,420
Total current assets		91,906	99,944
<b>Total assets</b>		<b>838,997</b>	<b>863,301</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital		10,000	10,000
Reserves		430,894	424,293
		440,894	434,293
Non-controlling interests		71	234
<b>Total equity</b>		<b>440,965</b>	<b>434,527</b>

# Interim Condensed Consolidated Statement of Financial Position

As at 30 September 2024

		<b>As at 30 September 2024 (Unaudited) HK\$'000</b>	As at 31 March 2024 (Audited) HK\$'000
	<i>Note</i>		
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Accruals and other payables	17	5,747	6,672
Lease liabilities	13	106,907	121,206
Bank borrowings		194,093	207,991
Total non-current liabilities		<b>306,747</b>	335,869
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	26,265	24,376
Contract liabilities	6	1,068	964
Amount due to a director		—	250
Bank borrowings		27,214	26,323
Lease liabilities	13	29,622	28,783
Income tax payable		7,116	12,209
Total current liabilities		<b>91,285</b>	92,905
<b>Total liabilities</b>		<b>398,032</b>	428,774
<b>Total equity and liabilities</b>		<b>838,997</b>	863,301

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

# Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2024

	Unaudited Attributable to the owners of the Company							Non- controlling interest	Total equity
	Share capital	Share premium	Capital reserve	Revaluation reserve	Share option reserve	Retained earnings	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>For the six months ended 30 September 2023</b>									
<b>At 1 April 2023</b>	10,000	126,440	36	(17)	2,014	234,156	372,629	311	372,940
<b>Total comprehensive income:</b>									
Profit for the period	-	-	-	-	-	19,930	19,930	196	20,126
Other comprehensive income	-	-	-	(204)	-	-	(204)	-	(204)
	-	-	-	(204)	-	19,930	19,726	196	19,922
<b>Transactions with owners in their capacity as owners:</b>									
Dividends	-	-	-	-	-	(22,000)	(22,000)	-	(22,000)
Share-based payment	-	-	-	-	980	-	980	-	980
<b>At 30 September 2023</b>	10,000	126,440	36	(221)	2,994	232,086	371,335	507	371,842
<b>For the six months ended 30 September 2024</b>									
<b>At 1 April 2024</b>	10,000	126,440	36	25,240	3,974	268,603	434,293	234	434,527
<b>Total comprehensive income:</b>									
Profit for the period	-	-	-	-	-	25,664	25,664	(163)	25,501
Other comprehensive income	-	-	-	(43)	-	-	(43)	-	(43)
	-	-	-	(43)	-	25,664	25,621	(163)	25,458
<b>Transactions with owners in their capacity as owners:</b>									
Dividends	-	-	-	-	-	(20,000)	(20,000)	-	(20,000)
Share-based payment	-	-	-	-	980	-	980	-	980
<b>At 30 September 2024</b>	10,000	126,440	36	25,197	4,954	274,267	440,894	71	440,965

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

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2024

	Note	For the six months ended 30 September	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	18	55,429	78,522
Hong Kong profits tax paid		(9,829)	(4,633)
Interest received		311	687
Net cash generated from operating activities		45,911	74,576
<b>Cash flows from investing activities</b>			
Capital expenditure		(6,136)	(54,766)
Change in short-term bank deposits		29,000	(33,190)
Disposal of a subsidiary		(24)	—
Net cash generated from/(used in) investing activities		22,840	(87,956)
<b>Cash flows from financing activities</b>			
Proceeds from bank borrowings		—	30,000
Repayments of bank borrowings		(13,007)	(4,788)
Dividends paid to shareholders		(20,000)	(22,000)
Payment of principal and interest elements of lease liabilities		(16,888)	(16,846)
Interest paid		(6,274)	(2,809)
Net cash used in financing activities		(56,169)	(16,443)
Net increase/(decrease) in cash and cash equivalents		12,582	(29,823)
Cash and cash equivalents at the beginning of period		37,420	71,439
Cash and cash equivalents at the end of period		50,002	41,616

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

# Notes to the Interim Condensed Consolidated Financial Information

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

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

This interim condensed consolidated financial information is presented in thousands of Hong Kong Dollar (“**HK\$’000**”), unless otherwise stated.

This interim condensed consolidated financial information was approved for issue by the Board of Directors of the Company on 25 November 2024.

This interim condensed consolidated financial information has not been audited.

## 2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 September 2024 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). This interim condensed consolidation financial information does not include all the notes of the type normally included in annual consolidated financial statements. Accordingly, this interim condensed consolidated financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”).

The interim condensed consolidated financial information have been prepared under the historical cost convention, except for the financial assets at fair value through other comprehensive income (“**FVOCI**”) and investment properties, which are carried at fair values.

# Notes to the Interim Condensed Consolidated Financial Information

## 3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 March 2024, as described in those annual consolidated financial statements, except for the adoption of new and amended standards as set out below.

### 3.1 New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

### 3.2 Impact of standards issued but not yet applied by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for this reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

## 4 FINANCIAL RISK MANAGEMENT

### 4.1 Financial risk factors

The Group's activities expose it to variety financial risks: market risk (cash flow 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.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 March 2024.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.



# Notes to the Interim Condensed Consolidated Financial Information

## 4 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 4.1 Financial risk factors (Continued)

	Undiscounted cash flows					Carrying amount HK\$'000
	Less than 1 year HK\$'000	Between 1-2 years HK\$'000	Between 2-5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000	
<b>As at 30 September 2024 (unaudited)</b>						
Trade and other payables	19,165	—	—	4,593	23,758	22,330
Bank borrowings	38,278	35,658	76,206	165,631	315,773	221,307
Undiscounted lease liabilities	33,319	33,104	79,687	—	146,110	136,529
	90,762	68,762	155,893	170,224	485,641	380,166
<b>As at 31 March 2024 (audited)</b>						
Trade and other payables	18,076	—	—	4,593	22,669	21,183
Amount due to a director	250	—	—	—	250	250
Bank borrowings	38,720	38,720	84,902	154,477	316,819	234,314
Undiscounted lease liabilities	32,873	32,610	92,116	4,080	161,679	149,989
	89,919	71,330	177,018	163,150	501,417	405,736

There have been no other significant changes in the risk management policies since 31 March 2024.

### 4.2 Fair value estimation

The table below analyses the Group's financial instruments carried at fair values as at 30 September 2024 and 31 March 2024 by level of valuation techniques used to measure fair values. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- 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 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

# Notes to the Interim Condensed Consolidated Financial Information

## 4 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 4.2 Fair value estimation (Continued)

The following table presents the Group's financial assets that are measured at fair values:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>As at 30 September 2024 (unaudited)</b>				
Investment properties	—	—	368,100	368,100
Financial asset at FVOCI				
— Listed equity investment	654	—	—	654
	654	—	368,100	368,754
<b>As at 31 March 2024 (audited)</b>				
Investment properties	—	—	368,100	368,100
Financial asset at FVOCI				
— Listed equity investment	697	—	—	697
	697	—	368,100	368,797

There were no transfer of financial assets and liabilities between the fair value hierarchy classifications during the six months ended 30 September 2024 and 2023.

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, amount due to a director, lease liabilities and bank borrowings approximate to their fair values due to their short-term 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.

No financial assets and liabilities were subject to offsetting, enforceable master netting arrangements and similar arrangements as at 30 September 2024 and 31 March 2024.

# Notes to the Interim Condensed Consolidated Financial Information

## 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2024.

## 6 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**").

# Notes to the Interim Condensed Consolidated Financial Information

## 6 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 six months ended 30 September 2024 and 2023 respectively.

#### For the six months ended 30 September 2024 (Unaudited)

	Elderly care services HK\$'000	Investment properties holding HK\$'000	Total HK\$'000
<b>Revenue from contract with customers within the scope of HKFRS 15</b>			
<i>Recognised over time:</i>			
Rendering of elderly home care services	109,503	—	109,503
Rendering of elderly community home care services	1,563	—	1,563
Rendering of medical and laboratory services	4,141	—	4,141
Rental and properties management fee income	—	871	871
<i>Recognised at a point in time:</i>			
Sales of elderly home related goods	24,548	—	24,548
<b>Revenue arising from operating lease within the scope of HKFRS 16:</b>			
Fixed	—	7,345	7,345
Segment revenue	139,755	8,216	147,971
Segment results	37,284	5,332	42,616
Corporate and other unallocated expenses			(4,211)
Finance costs, net			(8,148)
Profit before taxation			30,257
<b>Other information:</b>			
Depreciation of property and equipment	(5,919)	—	(5,919)
Depreciation of right-of-use assets	(16,332)	(1,351)	(17,683)
Capital expenditures	(3,646)	—	(3,646)

# Notes to the Interim Condensed Consolidated Financial Information

## 6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (a) Segment revenue and results (Continued)

For the six months ended 30 September 2023 (Unaudited)

	Elderly care services HK\$'000	Investment properties holding HK\$'000	Total HK\$'000
<b>Revenue from contract with customers within the scope of HKFRS 15</b>			
<i>Recognised over time:</i>			
Rendering of elderly home care services	99,461	—	99,461
Rendering of elderly community home care services	4,440	—	4,440
Rendering of medical and laboratory services	5,551	—	5,551
Rental and properties management fee income	—	719	719
<i>Recognised at a point in time:</i>			
Sales of elderly home related goods	22,573	—	22,573
<b>Revenue arising from operating lease within the scope of HKFRS 16:</b>			
Fixed	—	2,401	2,401
Variable	—	12	12
Segment revenue	132,025	3,132	135,157
Segment results	33,879	(348)	33,531
Corporate and other unallocated expenses			(2,861)
Finance costs, net			(4,654)
Profit before taxation			26,016
Other information:			
Depreciation of property and equipment	(5,477)	—	(5,477)
Depreciation of right-of-use assets	(17,128)	(1,351)	(18,479)
Capital expenditures	10,857	—	10,857

# Notes to the Interim Condensed Consolidated Financial Information

## 6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (a) Segment revenue and results (Continued)

The Group's revenue was derived solely from its operations in Hong Kong during the six months ended 30 September 2024 (2023: same), and the non-current assets of the Group were located in Hong Kong as at 30 September 2024 (31 March 2024: same).

Revenue of approximately HK\$65,602,000 (2023: HK\$62,299,000) for the six months ended 30 September 2024 was derived from the Government of HKSAR under the Enhanced Bought Place Scheme ("EBPS"), Bought Place Scheme ("BPS") and provision of residential care services in the Contract Home, which amounted to more than 10% (2023: same) of the Group's revenue.

The Group did not recognise any revenue-related contract assets during the six months ended 30 September 2024 (2023: Nil).

### (b) Segment assets and liabilities

As at 30 September 2024 (Unaudited)

	Elderly care services HK\$'000	Investment properties holding HK\$'000	Total HK\$'000
<b>Assets</b>			
Segment assets	384,753	442,594	827,347
Unallocated:			
Financial assets at fair value through other comprehensive income			654
Short-term bank deposits			1,100
Cash and cash equivalents			9,896
Total assets			838,997
<b>Liabilities</b>			
Segment liabilities	167,322	4,428	171,750
Unallocated:			
Bank borrowings			221,307
Other payables			4,975
Total liabilities			398,032

# Notes to the Interim Condensed Consolidated Financial Information

## 6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (b) Segment assets and liabilities (Continued)

As at 31 March 2024 (Audited)

	Elderly care services HK\$'000	Investment properties holding HK\$'000	Total HK\$'000
<b>Assets</b>			
Segment assets	389,737	436,588	826,325
Unallocated:			
Financial assets at fair value through other comprehensive income			697
Short-term bank deposits			30,100
Cash and cash equivalents			6,179
Total assets			863,301
<b>Liabilities</b>			
Segment liabilities	184,046	4,416	188,462
Unallocated:			
Bank borrowings			234,314
Other payables			5,748
Amount due to a director			250
Total liabilities			428,774

# Notes to the Interim Condensed Consolidated Financial Information

## 6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

An analysis of revenue is as follows:

	For the six months ended 30 September	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15:		
<i>Recognised over time:</i>		
Rendering of elderly home care services	109,503	99,461
Rendering of elderly community care services	1,563	4,440
Rendering of medical and laboratory services	4,141	5,551
Management fee income and car park revenue	871	719
<i>Recognised at a point in time:</i>		
Sales of elderly home related goods	24,548	22,573
Revenue arising from operating lease within the scope of HKFRS 16:		
Fixed	7,345	2,401
Variable	—	12
	<b>147,971</b>	135,157

The Group did not recognise any revenue-related contract assets during the six months ended 30 September 2024 and 2023.



# Notes to the Interim Condensed Consolidated Financial Information

## 6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

### Contract liabilities

The balances represent the receipt in advance from customers. The Group recognised the following revenue-related contract liabilities:

	<b>As at 30 September 2024 (Unaudited) HK\$'000</b>	As at 31 March 2024 (Audited) HK\$'000
Contract liabilities	<b>1,068</b>	964

The following table shows the revenue recognised during the six months ended 30 September 2024 and 2023 related to carried-forward contract liabilities:

	<b>For the six months ended 30 September</b>	
	<b>2024 (Unaudited) HK\$'000</b>	2023 (Unaudited) HK\$'000
Revenue recognised that was included in the contract liabilities balance as at beginning of the period	<b>964</b>	1,015

Due to the short-term nature of the related service contracts, the entire contract liabilities balance at the end of reporting period 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.

# Notes to the Interim Condensed Consolidated Financial Information

## 7 FINANCE COSTS, NET

	For the six months ended 30 September	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Bank interest income	311	687
Unwinding interest on rental deposits	1	57
Finance income	312	744
Interest expenses on bank borrowings	(6,274)	(2,809)
Interest expenses on lease liabilities	(2,186)	(2,589)
Finance costs	(8,460)	(5,398)
Finance costs, net	(8,148)	(4,654)

# Notes to the Interim Condensed Consolidated Financial Information

## 8 PROFIT BEFORE TAXATION

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

	For the six months ended 30 September	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Depreciation on property and equipment	5,919	5,477
Depreciation on right-of-use assets	17,683	18,479
Property rental and related expenses	3,798	2,484
Employee benefit expenses, net	58,496	54,474
– Wages and salaries	53,457	51,146
– Retirement benefit scheme contributions	1,716	2,013
– Staff welfare and benefits	76	328
– Provision for long service payments	–	334
– Directors' remunerations	3,010	2,288
– Share-based payment expenses: staff portion	652	652
– Government subsidies	(415)	(2,287)
Subcontracting fees, net	1,492	3,126
– Subcontracting fees	5,202	6,239
– Government subsidies	(3,710)	(3,113)
Legal and professional fee	789	706
Loss allowance on trade receivables	–	18
Medical fees and related expenses	1,373	1,306

As at 30 September 2024, the Group had no forfeited contribution available to reduce its contributions to the pension schemes in future years (31 March 2024: same).

# Notes to the Interim Condensed Consolidated Financial Information

## 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 six months ended 30 September 2024 and 2023.

An analysis of the income tax expenses is as follows:

	For the six months ended 30 September	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Hong Kong profits tax		
Current tax	4,756	5,805
Deferred tax	—	85
	<b>4,756</b>	<b>5,890</b>

## 10 DIVIDENDS

The Board has resolved not to recommend the payment of interim dividend for the six months ended 30 September 2024 (six months ended 30 September 2023: HK1.0 cent per share).

# Notes to the Interim Condensed Consolidated Financial Information

## 11 EARNINGS PER SHARE ATTRIBUTABLE TO 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 six months ended 30 September 2024 and 2023.

	For the six months ended 30 September	
	2024 (Unaudited)	2023 (Unaudited)
Profit attributable to the owners of the Company (HK\$'000)	25,664	19,930
Weighted average number of shares in issue (thousand shares)	1,000,000	1,000,000
Basic earnings per share (HK cents)	2.57	1.99

### (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 schemes 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 six months ended 30 September 2024 and 2023, dilutive earnings per share was of the same amount as the basic earnings per share as the share options were anti-dilutive.

# Notes to the Interim Condensed Consolidated Financial Information

## 12 PROPERTY AND EQUIPMENT

	(Unaudited) HK\$'000
<b>Six months ended 30 September 2023</b>	
Net book value as at 1 April 2023	110,077
Additions	10,857
Depreciation	(5,477)
Net book value as at 30 September 2023	115,457
<b>Six months ended 30 September 2024</b>	
Net book value as at 1 April 2024	<b>105,014</b>
Additions	<b>3,646</b>
Depreciation	<b>(5,919)</b>
Net book value as at 30 September 2024	<b>102,741</b>

# Notes to the Interim Condensed Consolidated Financial Information

## 13 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The interim condensed consolidated statement of financial position shows the following amounts relating to the leases:

	<b>As at 30 September 2024 (Unaudited) HK\$'000</b>	As at 31 March 2024 (Audited) HK\$'000
<b>Right-of-use assets</b>		
Leasehold land	<b>141,974</b>	144,850
Elderly residential care homes/day care centres/ laboratory centres	<b>119,904</b>	132,934
Staff quarters	<b>3,796</b>	4,232
Motor vehicle	—	23
Warehouse	—	76
	<b>265,674</b>	282,115
<b>Lease liabilities</b>		
Current	<b>29,622</b>	28,783
Non-current	<b>106,907</b>	121,206
	<b>136,529</b>	149,989

# Notes to the Interim Condensed Consolidated Financial Information

## 13 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Addition to the right-of-use assets during the six months ended 30 September 2024 were approximately HK\$1.2 million (six months ended 30 September 2023: Nil).

The interim condensed consolidated statement of profit or loss shows the following amounts relating to the leases:

	For the six months ended 30 September	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Depreciation of right-of-use assets ( <i>Note 8</i> )	17,683	18,479
Interest expenses on lease liabilities ( <i>Note 7</i> )	2,186	2,589

During the six months ended 30 September 2024, total cash outflow for leases of approximately HK\$17.8 million (30 September 2023: HK\$16.8 million).

## 14 TRADE RECEIVABLES

	As at 30 September 2024 (Unaudited) HK\$'000	As at 31 March 2024 (Audited) HK\$'000
Trade receivables	17,894	12,700
Less: loss allowance	(18)	(18)
Trade receivables	17,876	12,682



# Notes to the Interim Condensed Consolidated Financial Information

## 14 TRADE RECEIVABLES (CONTINUED)

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

	<b>As at 30 September 2024 (Unaudited) HK\$'000</b>	As at 31 March 2024 (Audited) HK\$'000
Within 30 days	<b>9,958</b>	7,566
31–60 days	<b>109</b>	4,779
61–180 days	<b>5,596</b>	101
Over 180 days	<b>2,231</b>	254
	<b>17,894</b>	12,700

The Group's trade receivables are denominated in HK\$. The carrying amounts of trade receivables approximate to their fair values due to their short maturities.

The Group's trading terms with its customers are mainly 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.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 September 2024, loss allowance of HK\$18,000 (31 March 2024: HK\$18,000) was provided for trade receivables from tenants.

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

# Notes to the Interim Condensed Consolidated Financial Information

## 15 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>As at 30 September 2024 (Unaudited) HK\$'000</b>	As at 31 March 2024 (Audited) HK\$'000
Prepayments	<b>1,536</b>	1,550
Rental deposits	<b>5,458</b>	5,209
Deposits	<b>1,425</b>	1,194
Other receivables	<b>9,001</b>	6,222
Prepayments for property and equipment	<b>2,454</b>	22
	<b>19,874</b>	14,197
Less: non-current portion		
Prepayments for property and equipment	<b>(2,454)</b>	(22)
Rental deposits	<b>(4,983)</b>	(4,924)
	<b>(7,437)</b>	(4,946)
Current portion	<b>12,437</b>	9,251

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\$.

# Notes to the Interim Condensed Consolidated Financial Information

## 16 RELATED PARTY BALANCES AND TRANSACTIONS

The Group is controlled by Sheung Fung Limited, a limited company incorporated in the British Virgin Islands, which owns 62.4% of the Company's shares as at 30 September 2024 and 31 March 2024.

### (a) Significant transactions with related parties

The Group had the following significant transactions with related parties in the ordinary course of business:

	Note	For the six months ended 30 September	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Repayment of principal and interest portion of lease liabilities and lease payments to related parties:			
– Ms. Ngai Ka Yee	(i)	335	335
– Mr. Ngai Shi Shing, Godfrey	(i)	247	119
– Ms. Lam Wan Fong	(ii)	90	90
– Mr. Lam Chung Ming	(ii)	—	36
– Mr. Ngai Ha Sang	(ii)	180	180
Repayment of principal and interest portion of lease liabilities and lease payments to related companies:			
– Classic Mate Limited	(iii)	618	618
– Kato Elderly Affairs Limited	(iii)	2,430	2,430
– Kato Property Limited	(iii)	1,188	1,188
– Perfect Cheer Investment Limited	(iii)	1,002	1,002
– Shing Kong Limited	(iii)	1,772	1,992
– Smarts Corporation Limited	(iii)	1,362	1,362

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

# Notes to the Interim Condensed Consolidated Financial Information

## 16 RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

### (a) Significant transactions with related parties (Continued)

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 Group's directors and/or the close members of the family of the directors.

### (b) Key management compensation

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

	For the six months ended 30 September	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Salaries and other short-term employee benefits	3,968	3,553
Retirement benefit scheme contribution	51	60
Share-based payment expenses	815	815
	<b>4,834</b>	4,428

# Notes to the Interim Condensed Consolidated Financial Information

## 17 TRADE AND OTHER PAYABLES

	<b>As at 30 September 2024 (Unaudited) HK\$'000</b>	As at 31 March 2024 (Audited) HK\$'000
Trade payables	<b>1,878</b>	2,310
Accruals and other payables	<b>12,073</b>	11,901
Accrued wages and salaries and contributions to MPF scheme	<b>7,785</b>	6,746
Deposits from customers	<b>4,366</b>	3,111
Rental deposits received	<b>4,013</b>	3,861
Provision for reinstatement cost	<b>575</b>	575
Employee benefit obligations	<b>1,322</b>	2,544
	<b>32,012</b>	31,048
Less: Non-current portion	<b>(5,747)</b>	(6,672)
Current portion	<b>26,265</b>	24,376

As at 30 September 2024 and 31 March 2024, the carrying amounts of trade and other payables approximate to their fair values, as the impact of discounting is not significant, and 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:

	<b>As at 30 September 2024 (Unaudited) HK\$'000</b>	As at 31 March 2024 (Audited) HK\$'000
Within 60 days	<b>1,693</b>	2,310
Over 90 days	<b>185</b>	—
	<b>1,878</b>	2,310

# Notes to the Interim Condensed Consolidated Financial Information

## 18 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### Cash generated from operations

	Note	For the six months ended 30 September	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Profit before taxation		<b>30,257</b>	26,016
Adjustments for:			
Interest income	7	<b>(312)</b>	(744)
Interest expenses	7	<b>8,460</b>	5,398
Depreciation of property and equipment		<b>5,919</b>	5,477
Depreciation of right-of-use assets		<b>17,683</b>	18,479
Provision for long service payment		—	334
Share-based payment expenses		<b>980</b>	980
Loss on disposal of a subsidiary		<b>35</b>	—
Loss allowance on trade receivables		—	18
Operating profit before working capital change		<b>63,022</b>	55,958
Changes in working capital:			
Trade receivables		<b>(5,194)</b>	32,103
Prepayments, deposits and other receivables		<b>(3,223)</b>	4,782
Trade and other payables		<b>970</b>	(13,558)
Contract liabilities		<b>104</b>	(763)
Amount due to a director		<b>(250)</b>	—
Cash generated from operations		<b>55,429</b>	78,522

# Notes to the Interim Condensed Consolidated Financial Information

## 19 CAPITAL COMMITMENT

As at 30 September 2024, the Group had capital commitments for property and equipment, amounting to approximately HK\$13.6 million (31 March 2024: approximately HK\$13.9 million) after netting off the prepayment for the purchase of property and equipment.

## 20 CONTINGENT LIABILITIES

As at 30 September 2024 and 31 March 2024, the Group had no material contingent liabilities.