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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)**

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2017**

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

**GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, 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

	Six months ended 30 June		
	2017	2016	Change %
	<i>HK\$'000</i>	<i>HK\$'000</i>	(Approximate)
	(unaudited)	(unaudited)	
<b>Statement of profit or loss and other comprehensive income</b>			
Revenue	<b>45,549</b>	20,709	119.95%
EBITDA	<b>7,766</b>	6,008	29.26%
Adjusted EBITDA ( <i>Note 1</i> )	<b>13,507</b>	7,509	79.88%
Profit for the period	<b>3,376</b>	3,839	-12.06%
Adjusted profit for the period ( <i>Note 2</i> )	<b>9,117</b>	5,340	70.73%

	30 June	31 December	Change %
	2017	2016	(Approximate)
	<i>HK\$'000</i>	<i>HK\$'000</i>	
	(unaudited)	(audited)	

### Statement of financial position

Cash and bank balances	<b>27,125</b>	22,326	21.50%
Trade receivables	<b>59</b>	70	-15.71%
Net assets value	<b>75,500</b>	74,124	1.86%

*Note 1* Adjusted EBITDA represented by the EBITDA before deducting Listing expenses and crediting Share of profits and losses of an associate and Gain on disposal of an associate.

*Note 2* Adjust profit for the period represented by the Profit for the period before deducting Listing expenses and crediting Share of profits and losses of an associate and Gain on disposal of an associate.

The board of Directors (the “**Board**”) of the Company is pleased to present the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2017 (the “**Reporting Period**”). The unaudited interim condensed consolidated financial statements of the Group have been reviewed by the audit committee of the Company.

## **BUSINESS REVIEW AND OUTLOOK**

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. The Group derived its revenue from its self-owned and self-operated four “Shui On 瑞安” and one “Shui Hing 瑞興” branded elderly residential care homes across four districts in Hong Kong.

The shares of the Company (the “**Shares**”) were successfully listed on GEM of the Stock Exchange on 12 July 2017 (the “**Listing**”). The Directors believe that the Listing will assist the implementation of the Group’s business strategies as stated in the prospectus of the Company dated 28 June 2017 (the “**Prospectus**”). The net proceeds from the Listing will provide financial resources to the Group to pursue business opportunities and implement such business strategies, which will further strengthen the Group’s market position and facilitate its business expansion in Hong Kong. The public listing status will also enhance the Group’s corporate profile and assist in reinforcing its brand awareness and market reputation.

The Directors are of the view that the enormous demand for residential care home services is the key driver for the growth of the elderly residential care home industry in Hong Kong. With the Group’s experienced management team and reputation in the market, the Directors will continue to strive to achieve the business objectives as stated in the Prospectus.

## OPERATING PERFORMANCE

### Revenue

The breakdown of revenue by types of services provided by the Group for the Reporting Period and for the six months ended 30 June 2016 are set out as follows:

	Six months ended 30 June			
	2017		2016	
	Revenue	Percentage of segment revenue	Revenue	Percentage of segment revenue
	Approximate	Approximate	Approximate	Approximate
	HK\$'000	%	HK\$'000	%
<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”)	11,948	26.23%	3,741	18.06%
– residential care places leased by individual customers	25,658	56.33%	13,401	64.72%
– residential care places leased by non-governmental organisations	103	0.23%	44	0.21%
	<u>37,709</u>	<u>82.79%</u>	<u>17,186</u>	<u>82.99%</u>
<b>Sales of elderly related goods and provision of healthcare services</b>	<u>7,840</u>	<u>17.21%</u>	<u>3,523</u>	<u>17.01%</u>
<b>Total</b>	<u><u>45,549</u></u>	<u><u>100.00%</u></u>	<u><u>20,709</u></u>	<u><u>100.00%</u></u>

During the Reporting Period, the Group’s revenue increased from approximately HK\$20,709,000 for the same period last year to approximately HK\$45,549,000, representing an approximately 119.95% 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\$17,186,000 for the same period last year to approximately HK\$37,709,000 for the Reporting Period, representing an approximately 119.42% increase.

- Residential care places leased by the SWD under the EBPS

During the Reporting Period, the revenue derived from the SWD, which leased a fixed number of residential care places at the Group's elderly residential care homes under the EBPS, increased from approximately HK\$3,741,000 for the same period last year to approximately HK\$11,948,000, representing an approximately 219.38% increase.

The significant increment was mainly due to the number of elderly residential care homes classified as EA1 under the EBPS increased from one elderly residential care home for the same period last year to two elderly residential care homes for the Reporting Period.

- Residential care places leased by individual customers

The revenue derived from rendering of elderly home care services for individual customers, together with the unsubsidised portions paid by individual customers under the EBPS increased from approximately HK\$13,401,000 for the same period last year to approximately HK\$25,658,000 for the Reporting Period, representing an approximately 91.46% increase.

The increment was mainly attributed by the increase in the total number of residential care places. During the Reporting Period, the Group owned and operated five elderly residential care homes with a total of 589 residential care places; while there were only three elderly residential care homes with a total of 280 residential care places for the same period last year. With the stabilised occupancy rate of all elderly residential care homes recorded for both Reporting Period and the same period last year, the revenue amount increased.

- 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\$44,000 for the same period last year to approximately HK\$103,000 for the Reporting Period, representing an approximately 134.09% 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\$3,523,000 for the same period last year to approximately HK\$7,840,000 for the Reporting Period, representing an approximately 122.54% increase.

## Average occupancy rates of the elderly residential care homes

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

	Six months ended 30 June	
	2017 Approximate	2016 Approximate
Average occupancy rates		
– elderly residential care homes under the EBPS	94.56%	98.02%
– non-EBPS elderly residential care homes	96.25%	94.65%

## 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. Due to the increase in the number of elderly residential care homes operated by the Group, in turn, an increase in total number of staff, the amount of staff costs increased from approximately HK\$7,446,000 for the same period last year to approximately HK\$18,414,000 for the Reporting Period, representing an approximately 147.30% increase.

## Property rental and related expenses

Property rental and related expenses mainly represented by the rental and ancillary office payments under operating leases related to the elderly residential care homes. With the increase in the number of residential care homes, the amount of property rental and related expenses increased from approximately HK\$3,311,000 for the same period last year to approximately HK\$7,797,000 for the Reporting Period, representing an approximately 135.49% increase.

## Listing expenses

Listing expenses comprised of professional and other expenses in relation to the Listing. Listing expenses of approximately HK\$5,741,000 and HK\$3,731,000 were recorded for the Reporting Period and the same period last year respectively.

## Profit for the period

During the Reporting Period, the Group's profit for the period slightly decreased by approximately 12.06% to approximately HK\$3,376,000 as compared to approximately HK\$3,839,000 for the same period last year.

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

### **Liquidity**

As at 30 June 2017, current assets amounted to approximately HK\$36,325,000 (31 December 2016: approximately HK\$29,527,000). Current liabilities were approximately HK\$16,096,000 (31 December 2016: approximately HK\$11,798,000).

### **Financial Resources**

As at 30 June 2017, the Group had total cash and bank balances of approximately HK\$27,125,000 (31 December 2016: approximately HK\$22,326,000).

As at 30 June 2017, the Group had trade receivables of approximately HK\$59,000 (31 December 2016: approximately HK\$70,000).

### **Gearing**

The gearing ratio of the Group as at 30 June 2017 was nil (31 December 2016: nil) as the Group was not in need of any material debt financing during the Reporting Period.

The approach of 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 were successfully listed on GEM of the Stock Exchange on 12 July 2017 (the "Listing Date"). 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 30 June 2017, the total equity of the Group was approximately HK\$75,500,000 (31 December 2016: approximately HK\$74,124,000).

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

As at 30 June 2017, there was no significant investment held by the Group.

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

Save as disclosed above and in the Prospectus, the Group does not have other plans 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 Period.

## **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 Period.

## **CONTINGENT LIABILITIES**

As at 30 June 2017, the Group had no material contingent liabilities (31 December 2016: nil).

## **CAPITAL EXPENDITURE**

During the Reporting Period, the Group's capital expenditure amounted to approximately HK\$1,062,000 (30 June 2016: approximately HK\$72,000) which was used for the acquisition of plant and equipment in the elderly residential care homes.

## **HUMAN RESOURCES AND REMUNERATION POLICY**

As at 30 June 2017, the Group employed 208 employees (30 June 2016: 84 employees). The Group offered competitive remuneration package, discretionary bonuses and social insurance benefits to its employees. In addition, a share option scheme (the "**Scheme**") has been adopted on 21 June 2017 for, among others, the employees of the Group.

## **USE OF PROCEEDS**

The net proceeds from the Listing, after deducting listing related expenses, were approximately HK\$45,500,000. After the Listing, these proceeds will be used for the purpose in accordance with the purpose as set out in the section headed "Statement of business objectives and use of proceeds" of the Prospectus.

The unaudited financial information for the six months ended 30 June 2017 together with the comparative figures for the corresponding period in 2016 were as follows:

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
<b>REVENUE</b>	4	<b>45,549</b>	20,709
Other income	4	<b>2,068</b>	1,147
Staff costs		<b>(18,414)</b>	(7,446)
Property rental and related expenses		<b>(7,797)</b>	(3,311)
Depreciation and amortisation		<b>(2,450)</b>	(1,004)
Food		<b>(1,383)</b>	(632)
Medical fees		<b>(2,190)</b>	(656)
Professional and legal fees		<b>(725)</b>	(241)
Utility expenses		<b>(952)</b>	(518)
Consumables		<b>(591)</b>	(367)
Other operating expenses		<b>(2,058)</b>	(942)
Listing expenses		<b>(5,741)</b>	(3,731)
Finance costs		–	(234)
Share of profits and losses of an associate		–	206
Gain on disposal of an associate		–	2,024
		<hr/>	<hr/>
<b>PROFIT BEFORE TAX</b>	5	<b>5,316</b>	5,004
Income tax expenses	6	<b>(1,940)</b>	(1,165)
		<hr/>	<hr/>
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>3,376</b>	<b>3,839</b>
		<hr/> <hr/>	<hr/> <hr/>
Attributable to:			
Owners of the parent		<b>2,454</b>	3,663
Non-controlling interests		<b>922</b>	176
		<hr/>	<hr/>
		<b>3,376</b>	<b>3,839</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	8	<b>N/A</b>	<b>N/A</b>
		<hr/> <hr/>	<hr/> <hr/>

Details of the dividends during the reporting period are disclosed in note 7 to the interim condensed consolidated financial statements.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2017*

	<i>Notes</i>	As at <b>30 June</b> <b>2017</b> <i>HK\$'000</i> <b>(unaudited)</b>	As at 31 December 2016 <i>HK\$'000</i> (audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>5,918</b>	6,255
Intangible assets		<b>5,812</b>	6,864
Goodwill		<b>43,724</b>	43,724
Deferred tax assets		<b>743</b>	745
		<hr/>	<hr/>
Total non-current assets		<b>56,197</b>	57,588
<b>CURRENT ASSETS</b>			
Trade receivables	9	<b>59</b>	70
Prepayments, deposits and other receivables		<b>9,141</b>	7,066
Due from a related company		–	5
Tax recoverable		–	60
Cash and bank balances		<b>27,125</b>	22,326
		<hr/>	<hr/>
Total current assets		<b>36,325</b>	29,527
<b>CURRENT LIABILITIES</b>			
Trade payables	10	<b>818</b>	677
Other payables and accruals		<b>12,737</b>	10,818
Due to a related company		<b>187</b>	180
Due to directors		<b>87</b>	–
Tax payables		<b>2,267</b>	123
		<hr/>	<hr/>
Total current liabilities		<b>16,096</b>	11,798
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>20,229</b>	17,729
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>76,426</b>	75,317
		<hr/>	<hr/>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(CONTINUED)**

*As at 30 June 2017*

	<i>Notes</i>	<b>As at 30 June 2017 HK\$'000 (unaudited)</b>	<b>As at 31 December 2016 HK\$'000 (audited)</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		<u>926</u>	<u>1,193</u>
Total non-current liabilities		<u>926</u>	<u>1,193</u>
Net assets		<u><b>75,500</b></u>	<u><b>74,124</b></u>
<b>EQUITY</b>			
Equity attributable to the equity holder of the parent:			
Issued capital		–	–
Reserves		<u>73,477</u>	<u>71,023</u>
		<b>73,477</b>	<b>71,023</b>
Non-controlling interests		<u>2,023</u>	<u>3,101</u>
Total equity		<u><b>75,500</b></u>	<u><b>74,124</b></u>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

Hang Chi Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands on 16 February 2016. The registered office of the Company is located at the office of Conyers Trust Company (Cayman) Limited, with the registered address of Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

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

The Company became the holding company of the subsidiaries now comprising the Group upon completion of a reorganisation (the “Reorganisation”) on 31 August 2016. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

The Company’s shares were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited on 12 July 2017.

### 2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2017 have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2016.

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

### 2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and basis of preparation adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 December 2016, except for the adoption of revised International Financial Reporting Standards (“IFRSs”) as noted below.

The Group has adopted the following revised IFRSs for the first time for the current period’s interim condensed consolidated financial statements:

Amendments to IAS 7	<i>Disclosure Initiative</i>
Amendments to IAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
Amendments to IFRS 12 included in Annual Improvements 2014–2016 Cycle	<i>Disclosure of Interests in Other Entities</i>

The adoption of these revised IFRSs has had no significant financial effect on these interim condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these interim condensed consolidated financial statements.

### 3. OPERATING SEGMENT INFORMATION

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

#### Geographical information

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

#### Information about a major customer

Revenue of approximately HK\$11,948,000 and HK\$3,741,000 for the six months ended 30 June 2017 and 2016, respectively, was derived from the Hong Kong Government under the Enhanced Bought Place Scheme, which amounted to more than 10% of the Group's revenue.

### 4. REVENUE AND OTHER INCOME

Revenue represents the value of services rendered and the net invoiced value of goods sold during the reporting period.

An analysis of revenue and other income is as follows:

	For the six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Revenue</b>		
Rendering of elderly home care services	37,709	17,186
Sales of elderly related goods and provision of healthcare services	7,840	3,523
	<u>45,549</u>	<u>20,709</u>
<b>Other income</b>		
Government grants	1,485	385
Sundry income	92	32
Rental income	275	143
Management fee income	–	560
Others	216	26
Bank interest income	–	1
	<u>2,068</u>	<u>1,147</u>

## 5. PROFIT BEFORE TAX

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

	<b>For the six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Cost of inventories sold	3,233	1,655
Depreciation	1,399	602
Amortisation of intangible assets	1,052	403
Auditors' remuneration	400	500
Employee benefit expense including Directors' and chief executive's remuneration:		
– Wages and salaries	17,644	7,149
– Pension scheme contributions	612	245
	<u>18,256</u>	<u>7,394</u>
Healthcare referral service charges*	302	130
Minimum lease payments under operating leases of land and buildings	7,797	3,311
Bank interest income**	–	1
Government grants**/#	<u>(1,485)</u>	<u>(385)</u>

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

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

# Various government grants have been received for the welfare of the elderly residing in the Group's elderly residential care homes. There are no unfulfilled conditions or contingencies relating to these grants.

## 6. INCOME TAX EXPENSES

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

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the reporting period.

	<b>For the six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Current – Hong Kong		
Charge for the period	2,203	1,247
Deferred tax	(263)	(82)
	<u>1,940</u>	<u>1,165</u>
Total tax charge for the period	<u>1,940</u>	<u>1,165</u>

## 7. DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation.

## 8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The Company's shares were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited on 12 July 2017, earnings per share information for the six months ended 30 June 2017 and 2016 is not presented as its inclusion, for the purpose of these financial statements, is not considered meaningful due to the Reorganisation.

## 9. TRADE RECEIVABLES

	As at 30 June 2017 <i>HK\$'000</i> (unaudited)	As at 31 December 2016 <i>HK\$'000</i> (audited)
Trade receivables	<u>59</u>	<u>70</u>

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

The ageing of trade receivables as at 30 June 2017 and 31 December 2016, based on the date of the service rendered, had maturity of less than three months and no impairment loss was recognised.

The carrying amounts of trade receivables approximate to their fair values.

## 10. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 30 June 2017 <i>HK\$'000</i> (unaudited)	As at 31 December 2016 <i>HK\$'000</i> (audited)
Within 3 months	<u>818</u>	<u>677</u>

The trade payables are non-interest-bearing and are normally settled between 30 and 60 days. The carrying amounts of trade payables approximate to their fair values.

## 11. EVENTS AFTER THE REPORTING PERIOD

The Company's shares have been listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited from 12 July 2017. Upon the completion of the listing, 100,000,000 ordinary shares were issued at a price of HK\$0.72 per share for a total consideration of HK\$72,000,000.

## **CORPORATE GOVERNANCE PRACTICES**

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

As the Shares were not yet listed on GEM of the Stock Exchange as at 30 June 2017, the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rules were not applicable to the Company during the Reporting Period. Since the Listing Date and up to the date of this announcement, the Company has adopted and complied with, where applicable, the CG Code, except for the deviation from code provision A.2.1 of the CG Code.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Currently, Mr. Yik Tak Chi (“**Mr. Yik**”) is the chairman and chief executive officer of the Company. As Mr. Yik has been providing strong and consistent leadership to the Group, the Board believes that having him performing both functions will provide a more effective strategic planning and overall management to the Group. Besides, considering that Mr. Yik has more than 23 years of experience in the operation and management of elderly residential care homes, and has a good understanding of the trends and policy changes in the elderly residential care home industry, the Board believes that it is in the best interest of the Group to have Mr. Yik taking up both roles for effective management and business development for the Group. Accordingly, the Company has not segregated the roles of the chairman and chief executive officer as required by code provision A.2.1 of the CG Code.

## **INTEREST OF COMPLIANCE ADVISER**

As confirmed by the Company’s compliance adviser, Guotai Junan Capital Limited (the “**Compliance Adviser**”), as at the date of this announcement, save and except for the compliance adviser’s agreement entered into between the Company and the Compliance Adviser dated 14 February 2017, neither the Compliance Adviser nor any of its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) which is required to be notified to the Group pursuant to Rule 6A.32 of 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 have fully complied with the Required Standard of Dealings from the Listing Date to the date of this announcement.

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

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

## **INTERIM DIVIDEND**

The Directors do not recommend the payment of an interim dividend for the Reporting Period.

## **SHARE OPTION SCHEME**

The Company has conditionally adopted the Scheme on 21 June 2017 which is valid and effective for a period of 10 years from 21 June 2017.

The purpose of the Scheme is to enable the Company to grant share options to the eligible persons as incentives or rewards for their contributions to the Group. Eligible persons of the Scheme include any full-time or part-time employee of the Company or any member of the Group, including any executive directors, non-executive directors and independent non-executive directors, suppliers, customers, agents, advisors and consultants of the Group who, in the sole opinion of the Board, will contribute or have contributed to the Group. The principal terms of the Scheme are summarised in the paragraph headed “Share Option Scheme” in Appendix IV to the Prospectus.

No share option was granted, exercised or cancelled by the Company under the Scheme from the Listing Date and up to the date of this announcement and there was no outstanding share option as at the date of this announcement.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company from the Listing Date to the date of this announcement.

## **AUDIT COMMITTEE AND REVIEW OF INTERIM 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. Kwok Chi Shing, Mr. Lau Tai Chim and Mr. Wong Wai Ho. The main role and functions of the Audit Committee is to assist the Board in fulfilling its audit duties through the review and supervision of the Company’s financial reporting, risk management and internal control systems.

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

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

Hong Kong, 8 August 2017

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

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page 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).*