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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)**

### **FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2018**

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

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

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

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

## FINANCIAL HIGHLIGHTS

|   | Three months ended      |               |          |
|---|-------------------------|---------------|----------|
|   | 31 March                |               |          |
|   | 2018                    | 2017          | Change % |
| HK\$'000<br>(unaudited)   | HK\$'000<br>(unaudited) | (approximate) |          |
| <b>Statement of profit or loss and<br/>other comprehensive income</b> |                         |               |          |
| Revenue   | <b>32,332</b>           | 22,295        | 45.02%   |
| EBITDA  | <b>6,777</b>            | 3,395         | 99.62%   |
| Profit for the period   | <b>3,980</b>            | 1,293         | 207.81%  |

The board of Directors (the “**Board**”) of the Company is pleased to present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively, the “**Group**”) for the three months ended 31 March 2018 (the “**Reporting Period**”). The unaudited 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”, one “Shui Hing 瑞興” and one “Shui Jun 瑞臻” branded elderly residential care homes across four districts in Hong Kong.

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 of the Company dated 28 June 2017 (the “**Prospectus**”) in connection with the listing of the shares of the Company (the “**Shares**”) on GEM of the Stock Exchange (the “**Listing**”).

## OPERATING PERFORMANCE

### Revenue

The breakdown of revenue by types of services provided by the Group for the Reporting Period and the three months ended 31 March 2017 are set out as follows:

|   | Three months ended 31 March |                                     |                      |                                     |
|---|-----------------------------|-------------------------------------|----------------------|-------------------------------------|
|   | 2018                        |                                     | 2017                 |                                     |
|   | Revenue                     | Percentage<br>of segment<br>revenue | Revenue              | Percentage<br>of segment<br>revenue |
|   | <i>HK\$'000</i>             | <i>Approximate %</i>                | <i>HK\$'000</i>      | <i>Approximate %</i>                |
| <b>Rendering of elderly home care services</b>  |                             |                                     |                      |                                     |
| – residential care places leased by the Social Welfare Department (the “SWD”) under the Enhanced Bought Place Scheme (the “EBPS”) | 7,134                       | 22.07%                              | 5,974                | 26.80%                              |
| – residential care places leased by individual customers  | 18,269                      | 56.50%                              | 12,611               | 56.56%                              |
| – residential care places leased by non-governmental organisations  | 84                          | 0.26%                               | 52                   | 0.23%                               |
|   | <u>25,487</u>               | <u>78.83%</u>                       | <u>18,637</u>        | <u>83.59%</u>                       |
| <b>Sales of elderly related goods and provision of healthcare services</b>  | <u>6,845</u>                | <u>21.17%</u>                       | <u>3,658</u>         | <u>16.41%</u>                       |
| <b>Total</b>  | <u><u>32,332</u></u>        | <u><u>100.00%</u></u>               | <u><u>22,295</u></u> | <u><u>100.00%</u></u>               |

During the Reporting Period, the Group’s revenue increased from approximately HK\$22,295,000 for the same period last year to approximately HK\$32,332,000, representing an approximately 45.02% 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\$18,637,000 for the same period last year to approximately HK\$25,487,000 for the Reporting Period, representing an approximately 36.75% 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\$5,974,000 for the same period last year to approximately HK\$7,134,000, representing an approximately 19.42% increase.

The significant increment was mainly due to the acquisition of Shui Jun Nursing Centre (Yau Tong) Company Limited ("**Shui Jun (Yau Tong)**") in November 2017 which is an elderly residential care home classified as EA2 under the EBPS.

- *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\$12,611,000 for the same period last year to approximately HK\$18,269,000 for the Reporting Period, representing an approximately 44.87% 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 six elderly residential care homes with a total of 814 residential care places; while there were five elderly residential care homes with a total of 589 residential care places for the same period last year. The increment was also attributable to the stabilised occupancy rate of all elderly residential care homes recorded for both the Reporting Period and the same period last year.

- *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\$52,000 for the same period last year to approximately HK\$84,000 for the Reporting Period, representing an approximately 61.54% 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\$3,658,000 for the same period last year to approximately HK\$6,845,000 for the Reporting Period, representing an approximately 87.12% 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:

|   | <b>Three months ended 31 March</b> |                    |
|---|------------------------------------|--------------------|
|   | <b>2018</b>                        | <b>2017</b>        |
|   | <i>Approximate</i>                 | <i>Approximate</i> |
| <b>Average occupancy rates</b>                  |                                    |                    |
| – elderly residential care homes under the EBPS | <b>96.06%</b>                      | 94.47%             |
| – non-EBPS elderly residential care homes       | <b>93.47%</b>                      | 94.78%             |

### *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, and in turn, an increase in total number of staff, the amount of staff costs increased from approximately HK\$9,216,000 for the same period last year to approximately HK\$14,443,000 for the Reporting Period, representing an approximately 56.72% 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 to the increase in the number of residential care homes, the amount of property rental and related expenses increased from approximately HK\$3,889,000 for the same period last year to approximately HK\$6,608,000 for the Reporting Period, representing an approximately 69.92% increase.

### *Listing expenses*

Listing expenses comprised of professional and other expenses in relation to the Listing. No listing expense was recorded during the Reporting Period while approximately HK\$3,308,000 was recorded for the same period last year.

### *Profit for the period*

Profit of approximately HK\$3,980,000 was recorded for the Reporting Period, as compared to HK\$1,293,000 for the same period last year, representing an approximately 207.81% increase. The significant increment was mainly due to the acquisition of Shui Jun (Yau Tong) in late 2017 and no listing expense was recorded during the Reporting Period.

## **HUMAN RESOURCES AND REMUNERATION POLICY**

As at 31 March 2018, the Group had 287 employees (31 March 2017: 206 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 (the “**Net Proceeds**”), after deducting listing related expenses, were approximately HK\$45,500,000. The Net Proceeds will be used for the purposes in accordance with the purposes as set out in the section headed “Statement of business objectives and use of proceeds” of the Prospectus.

The unaudited financial information for the three months ended 31 March 2018 together with the comparative figures for the same period last year were as follows:

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

*For the three months ended 31 March 2018*

|   | <i>Notes</i> | <b>Three months ended 31 March</b> |                    |
|---|--------------|------------------------------------|--------------------|
|   |              | <b>2018</b>                        | <b>2017</b>        |
|   |              | <b>HK\$'000</b>                    | <b>HK\$'000</b>    |
|   |              | <b>(unaudited)</b>                 | <b>(unaudited)</b> |
| <b>REVENUE</b>  | 4            | <b>32,332</b>                      | 22,295             |
| Other income  | 4            | <b>1,395</b>                       | 1,227              |
| Staff costs   |              | <b>(14,443)</b>                    | (9,216)            |
| Property rental and related expenses  |              | <b>(6,608)</b>                     | (3,889)            |
| Depreciation and amortisation   |              | <b>(1,871)</b>                     | (1,217)            |
| Food  |              | <b>(984)</b>                       | (692)              |
| Medical fees  |              | <b>(1,372)</b>                     | (1,137)            |
| Professional and legal fees   |              | <b>(1,115)</b>                     | (372)              |
| Utility expenses  |              | <b>(668)</b>                       | (402)              |
| Consumables   |              | <b>(336)</b>                       | (265)              |
| Other operating expenses  |              | <b>(1,424)</b>                     | (846)              |
| Listing expenses  |              | <b>–</b>                           | (3,308)            |
| <b>PROFIT BEFORE TAX</b>  | 5            | <b>4,906</b>                       | 2,178              |
| Income tax expenses   | 6            | <b>(926)</b>                       | (885)              |
| <b>PROFIT AND TOTAL<br/>COMPREHENSIVE INCOME FOR<br/>THE PERIOD</b>                     |              | <b>3,980</b>                       | 1,293              |
| Attributable to:  |              |                                    |                    |
| Owners of the parent  |              | <b>3,680</b>                       | 844                |
| Non-controlling interests   |              | <b>300</b>                         | 449                |
|   |              | <b>3,980</b>                       | 1,293              |
| <b>EARNINGS PER SHARE<br/>ATTRIBUTABLE TO ORDINARY<br/>EQUITY HOLDERS OF THE PARENT</b> |              |                                    |                    |
| – Basic and diluted ( <i>HK cents</i> )   |              | <b>0.92</b>                        | 0.28               |

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2018

|   | Attributable to owners of the parent |                |                |                |                  | Total          | Non-controlling interests | Total equity   |
|---|--------------------------------------|----------------|----------------|----------------|------------------|----------------|---------------------------|----------------|
|   | Issued capital                       | Share premium  | Merger reserve | Other reserve  | Retained profits |                |                           |                |
|   | HK\$'000                             | HK\$'000       | HK\$'000       | HK\$'000       | HK\$'000         | HK\$'000       | HK\$'000                  | HK\$'000       |
| At 31 December 2017 and<br>1 January 2018 (audited)     | 4,000                                | 109,298        | 5              | (1,046)        | 22,748           | 135,005        | 2,776                     | 137,781        |
| Profit and total comprehensive<br>income for the period | –                                    | –              | –              | –              | 3,680            | 3,680          | 300                       | 3,980          |
| At 31 March 2018 (unaudited)                            | <u>4,000</u>                         | <u>109,298</u> | <u>5</u>       | <u>(1,046)</u> | <u>26,428</u>    | <u>138,685</u> | <u>3,076</u>              | <u>141,761</u> |

For the three months ended 31 March 2017

|   | Attributable to owners of the parent |               |                |                |                  | Total         | Non-controlling interests | Total equity  |
|---|--------------------------------------|---------------|----------------|----------------|------------------|---------------|---------------------------|---------------|
|   | Issued capital                       | Share premium | Merger reserve | Other reserve  | Retained profits |               |                           |               |
|   | HK\$'000                             | HK\$'000      | HK\$'000       | HK\$'000       | HK\$'000         | HK\$'000      | HK\$'000                  | HK\$'000      |
| At 31 December 2016 and<br>1 January 2017 (audited)     | –                                    | 50,807        | 5              | (1,046)        | 21,257           | 71,023        | 3,101                     | 74,124        |
| Profit and total comprehensive<br>income for the period | –                                    | –             | –              | –              | 844              | 844           | 449                       | 1,293         |
| Interim dividend declared                               | –                                    | –             | –              | –              | –                | –             | (1,000)                   | (1,000)       |
| At 31 March 2017 (unaudited)                            | <u>–</u>                             | <u>50,807</u> | <u>5</u>       | <u>(1,046)</u> | <u>22,101</u>    | <u>71,867</u> | <u>2,550</u>              | <u>74,417</u> |

# NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the three months ended 31 March 2018*

## 1. CORPORATE INFORMATION

Hang Chi Holdings Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at the office of Conyers Trust Company (Cayman) Limited, with the registered address of Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. In the opinion of the directors, the holding company of the Company is Shui Wah Limited, which was incorporated in the British Virgin Islands (“**BVI**”). The Company’s ultimate controlling shareholder is Mr. Yik Tak Chi.

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

Pursuant to a group reorganisation which was completed on 31 August 2016, the Company became the holding company of the other subsidiaries comprising the Group.

The Company’s shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 12 July 2017.

## 2.1 BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the three months ended 31 March 2018 have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 *Interim Financial Reporting*. They have been prepared under the historical cost convention.

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2017.

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

## 2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and basis of preparation adopted in the preparation of the unaudited 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 2017, 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 unaudited condensed consolidated financial statements:

|  |  |
|--|--|
| Amendments to IFRS 2   | <i>Classification and Measurement of Share-based Payment Transactions</i>    |
| Amendments to IFRS 4   | <i>Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts</i> |
| IFRS 9   | <i>Financial Instruments</i>   |
| IFRS 15  | <i>Revenue from Contracts with Customers</i>                                 |
| Amendments to IFRS 15  | <i>Clarification to IFRS 15 Revenue from Contracts with Customers</i>        |
| Amendments to IAS 40   | <i>Transfers of Investment Property</i>                                      |
| IFRIC 22   | <i>Foreign Currency Transactions and Advance Consideration</i>               |
| Amendments to IFRS 1 included in<br><i>Annual Improvements 2014–2016<br/>Cycle</i> | <i>First-time Adoption of International Financial Reporting Standards</i>    |
| Amendments to IAS 28 included in<br><i>Annual Improvements 2014–2016<br/>Cycle</i> | <i>Investments in Associates or Joint Ventures</i>                           |

The adoption of these revised IFRSs has had no significant impact on the Group's results of operation.

## 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\$7,134,000 and HK\$5,974,000 for the three months ended 31 March 2018 and 2017, 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 three months ended |                 |
|---|----------------------------|-----------------|
|   | 31 March                   |                 |
|   | 2018                       | 2017            |
|   | <i>HK\$'000</i>            | <i>HK\$'000</i> |
|   | (unaudited)                | (unaudited)     |
| <b>Revenue</b>  |                            |                 |
| Rendering of elderly home care services                             | 25,487                     | 18,637          |
| Sales of elderly related goods and provision of healthcare services | 6,845                      | 3,658           |
|   | <u>32,332</u>              | <u>22,295</u>   |
| <b>Other income</b>   |                            |                 |
| Government grants   | 869                        | 854             |
| Sundry income   | 246                        | 60              |
| Rental income   | 209                        | 118             |
| Others  | 71                         | 195             |
|   | <u>1,395</u>               | <u>1,227</u>    |

## 5. PROFIT BEFORE TAX

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

|   | For the three months ended |                     |
|---|----------------------------|---------------------|
|   | 31 March                   |                     |
|   | 2018                       | 2017                |
|   | HK\$'000                   | HK\$'000            |
|   | (unaudited)                | (unaudited)         |
| Cost of inventories sold  | 2,016                      | 1,573               |
| Depreciation  | 785                        | 450                 |
| Amortisation of intangible assets   | 1,086                      | 767                 |
| Employee benefit expense including Directors' and chief executive's remuneration: |                            |                     |
| – Wages and salaries  | 13,700                     | 8,668               |
| – Pension scheme contributions  | 444                        | 303                 |
|   | <u>14,144</u>              | <u>8,971</u>        |
| Healthcare referral service charges*  | 207                        | 108                 |
| Minimum lease payments under operating leases of land and buildings               | 6,608                      | 3,889               |
| Government grants**   | (869)                      | (854)               |
|   | <u><u>6,608</u></u>        | <u><u>(854)</u></u> |

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

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

## 6. INCOME TAX EXPENSES

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

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

|                       | For the three months ended |             |
|-----------------------|----------------------------|-------------|
|                       | 31 March                   |             |
|                       | 2018                       | 2017        |
|                       | HK\$'000                   | HK\$'000    |
|                       | (unaudited)                | (unaudited) |
| Current – Hong Kong   |                            |             |
| Charge for the period | 1,106                      | 975         |
| Deferred tax          | (180)                      | (90)        |
|                       | <u>926</u>                 | <u>885</u>  |

## 7. DIVIDENDS

The Board does not recommend the payment of a dividend for the three months ended 31 March 2018 (three months 31 March 2017: Nil).

The distribution amounts set out in the unaudited condensed consolidated statements of changes in equity of HK\$1,000,000 for the three months ended 31 March 2017, represented the dividends declared by Shui On Nursing Centre (Kwai Shing E.) Co. Limited, a non-wholly owned subsidiary of the Company, to its non-controlling shareholders.

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

The calculation of the basic earnings per share amount is based on the profit for the three months ended 31 March 2018 attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 400,000,000 (three months ended 31 March 2017: 300,000,000) in issue during the reporting period.

The weighted average number of ordinary shares used to calculate the basic earnings per share for the reporting period includes the 100,000,000 ordinary shares issued in connection with the listing of the Company's ordinary shares on GEM of the Stock Exchange on 12 July 2017.

The calculation of basic earnings per share is based on:

|  | <b>Three months ended 31 March</b> |                    |
|--|------------------------------------|--------------------|
|  | <b>2018</b>                        | <b>2017</b>        |
|  | <b>HK\$'000</b>                    | <b>HK\$'000</b>    |
|  | <b>(unaudited)</b>                 | <b>(unaudited)</b> |
| <b>Earnings:</b>   |                                    |                    |
| Profit attributable to ordinary equity holders of the Company used in the basic earnings per share calculation | <b>3,680</b>                       | <b>844</b>         |
|  | <b>400,000</b>                     | <b>300,000</b>     |
|  | <b>400,000</b>                     | <b>300,000</b>     |

\* Arrived at on the assumption that the capitalisation issue of 299,993,450 shares had been effective since 1 January 2017.

No adjustment has been made to the basic earnings per share amounts presented for the three months ended 31 March 2018 and 2017 as the Group had no potentially dilutive ordinary shares in issue during those periods.

## **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.

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

Mr. Yik Tak Chi (“**Mr. Yik**”) was the chairman and the chief executive officer of the Company (the “**CEO**”) since the date of Listing. As Mr. Yik had been providing strong and consistent leadership to the Group, the Board believed that having him performing both functions would provide a more effective strategic planning and overall management to the Group. In order to enhance the Company’s corporate governance practices and enable the Company to better comply with the CG Code, Mr. Yik has resigned as the CEO and Mr. Lui Chi Tat has been appointed as the CEO with effect from 22 January 2018. For details, please refer to the announcement of the Company dated 22 January 2018.

## **INTEREST OF COMPLIANCE ADVISER**

As confirmed by the Company’s compliance adviser, Guotai Junan Capital Limited (the “**Compliance Adviser**”), as at 31 March 2018, 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 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 during the Reporting Period.

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

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

## **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.

No share option was granted, exercised or cancelled by the Company under the Scheme from during the Reporting Period 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 during the Reporting Period.

## **AUDIT COMMITTEE AND REVIEW OF THE FIRST QUARTERLY RESULTS**

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

The Audit Committee has reviewed with the management of the Company the unaudited 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, 9 May 2018

*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).*