

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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 2021**

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

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

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

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

## FINANCIAL HIGHLIGHTS

	Three months ended		
	31 March		
	2021	2020	Change %
	HK\$'000	HK\$'000	
	(unaudited)	(unaudited)	(approximate)
<b>Statement of profit or loss and other comprehensive income</b>			
Revenue	50,742	49,492	2.53%
EBITDA	22,901	20,202	13.36%
Profit for the period	11,694	8,258	41.61%

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 2021 (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. During the Reporting Period, the Group derived its revenue from seven elderly residential care homes across different districts in Hong Kong, including four “Shui On 瑞安”, one “Shui Hing 瑞興”, one “Shui Jun 瑞臻” and one “Guardian Home 佳安家” branded elderly residential care homes.

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 Group will continue to expand its network of elderly residential care homes in strategic locations in Hong Kong to serve more elderly residents when there are suitable opportunities.

In view of the recent outbreak of COVID-19 in Hong Kong, the Company has formed a crisis response team to monitor the situation of its residential care homes. The Group has launched a series of special measures to strengthen infection control, such as shortening the visiting time of the elderly residential care homes and preparing adequate reserve of health protection equipment for its employees and elderly residents. The crisis response team holds meetings

regularly to review the adequacy of current measures. As at the date of this announcement, the outbreak of COVID-19 has not adversely affected the business and daily operation of the Group.

## OPERATING PERFORMANCE

### Revenue

The breakdown of revenue by types of services provided by the Group for the Reporting Period and for the three months ended 31 March 2020 are set out as follows:

	Three months ended 31 March			
	2021		2020	
	Revenue	Percentage	Revenue	Percentage
	HK\$'000	of segment	HK\$'000	of segment
		revenue	revenue	revenue
		approximate %	approximate %	approximate %
<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”)	9,676	19.07%	9,360	18.91%
– residential care places leased by the SWD under the Bought Place Scheme on Day Care Units (the “Day Care Services”)	1,180	2.33%	–	–
– residential care places leased by individual customers	27,549	54.29%	28,168	56.92%
– residential care places leased by non-governmental organisations	169	0.33%	242	0.49%
	<u>38,574</u>	<u>76.02%</u>	<u>37,770</u>	<u>76.32%</u>
<b>Sales of elderly related goods and provision of healthcare services</b>	<u>12,168</u>	<u>23.98%</u>	<u>11,722</u>	<u>23.68%</u>
<b>Total</b>	<u><u>50,742</u></u>	<u><u>100.00%</u></u>	<u><u>49,492</u></u>	<u><u>100.00%</u></u>

During the Reporting Period, the Group’s revenue increased from approximately HK\$49,492,000 for the same period last year to approximately HK\$50,742,000, representing an approximately 2.53% 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\$37,770,000 for the same period last year to approximately HK\$38,574,000 for the Reporting Period, representing an approximately 2.13% 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\$9,360,000 for the same period last year to approximately HK\$9,676,000, representing an approximately 3.38% increase.

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

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

During the Reporting Period, the revenue derived from the SWD, which elder persons nominated and arranged by the SWD to receive the Day Care Services at the Group's elderly residential care homes under the Day Care Services was approximately HK\$1,180,000.

- *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 decreased from approximately HK\$28,168,000 for the same period last year to approximately HK\$27,549,000 for the Reporting Period, representing an approximately 2.20% decrease.

- *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 decreased from approximately HK\$242,000 for the same period last year to approximately HK\$169,000 for the Reporting Period, representing an approximately 30.17% decrease. The decline in revenue was due to the reduction in referrals of customers from the non-government organization as a result of the epidemic.

### *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\$11,722,000 for the same period last year to approximately HK\$12,168,000 for the Reporting Period, representing an approximately 3.81% increase

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

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

	<b>Three months ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<i>approximate %</i>	<i>approximate %</i>
<b>Average occupancy rate</b>		
– elderly residential care homes under the EBPS	<b>93.86%</b>	93.18%
– non-EBPS elderly residential care homes	<b>83.37%</b>	88.72%

### *Staff costs*

Staff costs are the largest component of the operating expenses, which comprised of wages, salaries, bonuses, long service payments, retirement benefit costs and other allowances and benefits payable to employees. During the Reporting Period, more staff have been employed for providing health and personal care services to service users of residential care homes who were admitted for quarantine, the amount of staff costs increased from approximately HK\$18,989,000 for the same period last year to approximately HK\$20,612,000 for the Reporting Period, representing an approximately 8.55% 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. The amount of property rental and related expenses increased from approximately HK\$4,256,000 for the same period last year to approximately HK\$4,486,000 for the Reporting Period, representing an approximately 5.40% increase. With the adoption of IFRS 16 Leases, the rental expenses were re-allocated between Property rental and related expenses, Depreciation and amortisation and Finance costs. The rental and related expenses payments for the elderly residential care homes and office amounted to approximately HK\$11,389,000 in total for the Reporting Period.

### *Profit for the period*

During the Reporting Period, the Group recorded a profit of approximately HK\$11,694,000 and approximately HK\$8,258,000 was noted for the same period last year. Such increase was attributable to the increment in other income generated from services fee income for the Group's provision of health and personal care services to service users of residential care homes who were admitted for quarantine during the Reporting Period.

### **HUMAN RESOURCES AND REMUNERATION POLICY**

As at 31 March 2021, the Group employed 370 employees (31 March 2020: 348 employees). The Group offered competitive remuneration package, discretionary bonuses and social insurance benefits to its employees. In addition, a share option scheme (the "**Share Option Scheme**") and a share award scheme have been respectively adopted on 21 June 2017 and 6 November 2019 for, among others, the employees of the Group.

### **PROPOSED TRANSFER OF LISTING FROM GEM TO THE MAIN BOARD OF STOCK EXCHANGE**

On 16 June 2020, the Company submitted a formal application (the "**Application**") to the Stock Exchange in respect of the proposed transfer of listing of the Shares from GEM to the Main Board of Stock Exchange ("**Main Board**") of (i) all the Shares in issue; and (ii) any Shares which may be issued upon the exercise of any share options which may be granted under the Share Option Scheme, on the Main Board by way of transfer of listing pursuant to Chapter 9A of and Appendix 28 to the Rules Governing the Listing of Securities on the Stock Exchange ("**Main Board Listing Rules**") and the relevant provisions of the GEM Listing Rules (the "**Proposed Transfer of Listing**"). The Proposed Transfer of Listing will not involve any issue of new Shares by the Company.

The Application was lapsed and the Company subsequently made a submission to the Stock Exchange for the renewal of the Application on 3 February 2021.

For more details about the Proposed Transfer of Listing, please refer to the announcements of the Company dated 16 June 2020 and 3 February 2021, respectively. Further announcement(s) will be made by the Company to keep the shareholders of the Company ("**Shareholders**") and potential investors informed of the progress of the Proposed Transfer of Listing as and when appropriate, in accordance with the GEM Listing Rules and the Main Board Listing Rules.

The unaudited financial information for the three months ended 31 March 2021 together with the comparative figures for the corresponding periods in 2020 were as follows:

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

*For the three months ended 31 March 2021*

	Notes	Three months ended 31 March	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>REVENUE</b>	4	<b>50,742</b>	49,492
Other income	4	<b>6,572</b>	2,241
Staff costs		<b>(20,612)</b>	(18,989)
Property rental and related expenses		<b>(4,486)</b>	(4,256)
Depreciation and amortisation		<b>(7,907)</b>	(9,090)
Food		<b>(1,433)</b>	(1,455)
Medical fees		<b>(2,924)</b>	(2,992)
Professional and legal fees		<b>(2,121)</b>	(135)
Utility expenses		<b>(749)</b>	(699)
Consumables		<b>(433)</b>	(426)
Other operating expenses		<b>(1,655)</b>	(2,579)
Finance costs	5	<b>(949)</b>	(1,129)
<b>PROFIT BEFORE TAX</b>	6	<b>14,045</b>	9,983
Income tax expenses	7	<b>(2,351)</b>	(1,725)
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>11,694</b>	<b>8,258</b>
Attributable to:			
Owners of the parent		<b>10,377</b>	7,554
Non-controlling interests		<b>1,317</b>	704
		<b>11,694</b>	<b>8,258</b>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
– Basic and diluted ( <i>HK cents</i> )	9	<b>2.59</b>	1.89

Details of the dividends during the reporting period are disclosed in note 8 to the unaudited condensed consolidated financial statements.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2021

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Issued capital	Share premium	Merger reserve	Other reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 December 2020 and 1 January 2021 (audited)	4,000	109,298	5	(10,840)	83,066	185,529	10,701	196,230
Profit and total comprehensive income for the period	-	-	-	-	10,377	10,377	1,317	11,694
At 31 March 2021 (unaudited)	<u>4,000</u>	<u>109,298</u>	<u>5</u>	<u>(10,840)</u>	<u>93,443</u>	<u>195,906</u>	<u>12,018</u>	<u>207,924</u>

For the three months ended 31 March 2020

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Issued capital	Share premium	Merger reserve	Other reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 December 2019 and 1 January 2020 (audited)	4,000	109,298	5	(10,840)	60,884	163,347	9,680	173,027
Profit and total comprehensive income for the period	-	-	-	-	7,554	7,554	704	8,258
At 31 March 2020 (unaudited)	<u>4,000</u>	<u>109,298</u>	<u>5</u>	<u>(10,840)</u>	<u>68,438</u>	<u>170,901</u>	<u>10,384</u>	<u>181,285</u>

# NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 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, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. In the opinion of the directors, the holding company of the Company is Shui Wah Limited (“**Shui Wah**”), which was incorporated in the British Virgin Islands (“**BVI**”). The Company’s ultimate holding company is Multifield Investment Development Limited, a company incorporated in BVI with limited liability on 8 January 2010, which is wholly owned by 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.

### 2.1 BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the three months ended 31 March 2021 have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 *Interim Financial Reporting*.

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 2020.

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

### 2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issue but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the unaudited condensed consolidated financial statements of the Group.

The Group has adopted the following new and revised IFRSs for the first time for the current Period’s unaudited condensed consolidated financial statement.

Amendments to IFRS 9, IAS 39,  
IFRS 7, IFRS 4 and IFRS 16

*Interest Rate Benchmark Reform – Phase 2*

The directors of the Company considered that the application of the revised IFRSs and IASs do not have material impact on the Group’s unaudited consolidated financial results.

### 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 locations of assets and excludes financial instruments and deferred tax assets.

#### Information about a major customer

Revenue of approximately HK\$10,856,000 for the period ended 31 March 2021 (3 months ended 31 March 2020: HK\$9,360,000), which amounted to more than 10% of the Group's revenue, was derived from the Hong Kong Government under the Enhanced Bought Place Scheme ("EBPS") and the Bought Place Scheme on Day Care Units ("Day Care Services").

### 4. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	For the three months ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Revenue from contracts with customers</b>		
Rendering of elderly home care services	38,574	37,770
Sales of elderly related goods and provision of healthcare services	12,168	11,722
	<u>50,742</u>	<u>49,492</u>

#### Revenue from contracts with customers

##### (i) Disaggregated revenue information

	For the three months ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Timing of revenue recognition</b>		
Services transferred over time	43,278	42,476
Goods transferred at a point in time	7,464	7,016
	<u>50,742</u>	<u>49,492</u>

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

	<b>For the three months ended</b>	
	<b>31 March</b>	
	<b>2021</b>	2020
	<i><b>HK\$'000</b></i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
<b>Revenue recognised that was included in contract liabilities at the beginning of the reporting period:</b>		
Rendering of elderly home care services	445	193
Sale of elderly related goods and provision of healthcare services	72	60
	<u>517</u>	<u>253</u>

(ii) *Performance obligations*

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

*Rendering of services*

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

*Sale of goods*

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

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2021 and 2020 are as follows:

	<b>As at 31 March</b>	
	<b>2021</b>	2020
	<i><b>HK\$'000</b></i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
Within one year	<u>485</u>	<u>274</u>

An analysis of other income is as follows:

	<b>For the three months ended</b>	
	<b>31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Other income</b>		
Government grants	5,768	1,207
Sundry income	28	304
Rental income	685	618
Bank interest income	13	48
Others	78	64
	<u>6,572</u>	<u>2,241</u>

## 5. FINANCE COST

An analysis of finance costs is as follows:

	<b>For the three months ended</b>	
	<b>31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Interest on lease liabilities	<u>949</u>	<u>1,129</u>

## 6. PROFIT BEFORE TAX

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

	<b>For the three months ended</b>	
	<b>31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Cost of inventories sold	3,408	2,996
Depreciation of property, plant and equipment	393	841
Depreciation of right-of-use assets	6,625	6,599
Amortisation of intangible assets	889	1,650
Employee benefit expense including Directors' and chief executive's remuneration:		
– Wages and salaries	19,448	18,322
– Pension scheme contributions	594	532
	<u>20,042</u>	<u>18,854</u>
Bank interest income*	(13)	(48)
Government grants*	<u>(5,768)</u>	<u>(1,207)</u>

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

## 7. 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 period (three months ended 31 March 2020: 16.5%), except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (three months ended 31 March 2020: HK\$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% (three months ended 31 March 2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (three months ended 31 March 2020: 16.5%).

	For the three months ended	
	31 March	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current – Hong Kong		
Charge for the period	2,498	1,998
Deferred tax	(147)	(273)
	<hr/>	<hr/>
Total tax charge for the period	<b>2,351</b>	<b>1,725</b>
	<hr/> <hr/>	<hr/> <hr/>

## 8. DIVIDENDS

The Board does not recommend the payment of a dividend for the three months ended 31 March 2021 (three months ended 31 March 2020: Nil).

## 9. 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 2021 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 400,000,000 (three months ended 31 March 2020: 400,000,000) in issue during the period, as adjusted to reflect the rights issue during the period.

The calculation of basic earnings per share is based on:

	Three months ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	10,377	7,554
	<hr/> <hr/>	<hr/> <hr/>

**Three months ended 31 March**  
**2021**                      2020

**Shares**

Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<u><b>400,000,000</b></u>	<u>400,000,000</u>
--	---------------------------	--------------------

No adjustment has been made to the basic earnings per share amounts presented for the three months ended 31 March 2021 and 2020 as the Group had no potentially dilutive ordinary shares in issue during these 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.

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.

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

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

## **DIVIDEND**

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

## **SHARE OPTION SCHEME**

Pursuant to the resolution passed by the Shareholders on 21 June 2017, the Company has adopted the Share Option Scheme which is valid and effective for a period of 10 years from 21 June 2017. The purpose of the Share Option Scheme is to provide incentives or rewards to the eligible persons for their contributions of to the Group. Eligible person under the Share Option Scheme means any full-time or parttime 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 Board may, at its discretion, invite any of the aforesaid eligible persons to take up the options. There is no change to the terms of the Share Option Scheme since adoption.

The total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and other share option scheme is 40,000,000, representing 10% of the Shares in issue as at the date of this announcement.

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

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

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

## **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 discussed with the management and the independent auditor of the Company and reviewed the unaudited results for the Reporting Period and the unaudited condensed consolidated financial statements of the Group for the Reporting Period, which is of the opinion that such statements have complied with the applicable accounting standards and that adequate disclosure has been made in respect thereof.

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

Hong Kong, 7 May 2021

*As at the date of this announcement, the executive Directors are Mr. YIK Tak Chi, Mr. LUI Chi Tat, Mr. CHUNG Kin Man and Ms. CHUNG Wai Man, the non-executive Director is Mr. LAU Joseph Wan Pui and the independent non-executive Directors are Mr. 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 Listed Company Information” 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).*