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 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

	Six months ended 30 June		
	2018	2017	Change %
	HK$'000	*HK$'000*	(approximate)
	(unaudited)	(unaudited)	
Statement of profit or loss and other comprehensive income			
Revenue	**65,906**	45,549	44.69%
EBITDA	**15,390**	7,766	98.17%
Adjusted EBITDA *(Note 1)*	**15,390**	13,507	13.94%
Profit for the period	**9,552**	3,376	182.94%
Adjusted profit for the period *(Note 2)*	**9,552**	9,117	4.77%

	30 June	31 December	
	2018	2017	Change %
	HK$'000	*HK$'000*	(approximate)
	(unaudited)	(audited)	
Statement of financial position			
Cash and bank balances	**48,364**	47,567	1.68%
Trade receivables	**113**	270	-58.15%
Net assets value	**135,333**	137,781	-1.78%

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 Adjusted 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 2018 (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", 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 Company's prospectus dated 28 June 2017 (the "**Prospectus**") in connection with the listing 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 for the six months ended 30 June 2017 are set out as follows:

	Six months ended 30 June			
	2018		2017	
	Revenue *HK$'000*	**Approximate percentage of segment revenue**	Revenue *HK$'000*	Approximate percentage of segment revenue
Rendering of elderly home care services				
– residential care places leased by the Social Welfare Department (the "**SWD**") under the Enhanced Bought Place Scheme (the "**EBPS**")	**14,248**	**21.62%**	11,948	26.23%
– residential care places leased by individual customers	**36,833**	**55.89%**	25,658	56.33%
– residential care places leased by non-governmental organisations	**163**	**0.24%**	103	0.23%
	51,244	**77.75%**	37,709	82.79%
Sales of elderly related goods and provision of healthcare services	**14,662**	**22.25%**	7,840	17.21%
Total	**65,906**	**100.00%**	45,549	100.00%

During the Reporting Period, the Group's revenue increased from approximately HK$45,549,000 for the same period last year to approximately HK$65,906,000, representing an approximately 44.69% 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$37,709,000 for the same period last year to approximately HK$51,244,000 for the Reporting Period, representing an approximately 35.89% 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$11,948,000 for the same period last year to approximately HK$14,248,000, representing an approximately 19.25% increase.

  The significant increment was mainly due to the acquisition of Shui Jun Nursing Centre (Yau Tong) Company Limited 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$25,658,000 for the same period last year to approximately HK$36,833,000 for the Reporting Period, representing an approximately 43.55% 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 only five elderly residential care homes with a total of 589 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$103,000 for the same period last year to approximately HK$163,000 for the Reporting Period, representing an approximately 58.25% 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$7,840,000 for the same period last year to approximately HK$14,662,000 for the Reporting Period, representing an approximately 87.02% 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:

	Six months ended 30 June	
	2018	2017
	approximate	*approximate*
Average occupancy rate		
– elderly residential care homes under the EBPS	**96.85%**	94.56%
– non-EBPS elderly residential care homes	**94.01%**	96.25%

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 which lead to an increase in total number of staff, the amount of staff costs increased from approximately HK$18,414,000 for the same period last year to approximately HK$28,154,000 for the Reporting Period, representing an approximately 52.89% 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$7,797,000 for the same period last year to approximately HK$13,212,000 for the Reporting Period, representing an approximately 69.45% increase.

Listing expenses

Listing expenses comprised of professional and other expenses in relation to the Listing. Listing expenses of approximately nil and HK$5,741,000 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 increased by approximately 182.94% to approximately HK$9,552,000 as compared to approximately HK$3,376,000 for the same period last year. The significant increment was mainly due to the total number of elderly residential care homes owned and operated by the Group increased from five in the same period last year to six during the Reporting Period and no Listing expense was recorded during the Reporting Period.

Adjusted profit for the period

The Group calculated the adjusted profit for the period by adding back Listing expenses and crediting (i) share of profit of an associate; and (ii) gain on disposal of an associate to profit or loss for the period.

The Group presented this financial measure as it is useful to evaluate the financial performance by excluding the impact of the above items, in which these items were not indicative of the Group's ordinary operating performance and will no longer be outstanding subsequently to the Listing.

During the Reporting Period, the Group's adjusted profit for the period increased by approximately 4.77% to approximately HK$9,552,000 as compared to approximately HK$9,117,000 for the same period last year.

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL STRUCTURE

Liquidity

As at 30 June 2018, current assets amounted to approximately HK$56,862,000 (31 December 2017: approximately HK$55,898,000). Current liabilities were approximately HK$18,641,000 (31 December 2017: approximately HK$18,029,000).

Financial Resources

As at 30 June 2018, the Group had total cash and bank balances of approximately HK$48,364,000 (31 December 2017: approximately HK$47,567,000).

As at 30 June 2018, the Group had trade receivables of approximately HK$113,000 (31 December 2017: approximately HK$270,000).

Gearing

The gearing ratio of the Group as at 30 June 2018 was nil (31 December 2017: 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.

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 2018, the total equity of the Group was approximately HK$135,333,000 (31 December 2017: approximately HK$137,781,000).

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

As at 30 June 2018, 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 2018, the Group had no material contingent liabilities (31 December 2017: nil).

CAPITAL EXPENDITURE

During the Reporting Period, the Group's capital expenditure amounted to approximately HK$566,000 (30 June 2017: approximately HK$1,062,000) 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 2018, the Group had 248 employees (30 June 2017: 208 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. As at 30 June 2018, (i) approximately HK$25,000,000 from the Net Proceeds had been applied by the Group towards the acquisition of an operating elderly residential care home; and (ii) approximately HK$6,700,000 from the Net Proceeds had been applied towards establishment of the headquarters and on-the-job training centre, and upgrade of the elderly residential care homes of the Group. The unused Net Proceeds in the amount of approximately HK$13,800,000 were deposited in the bank account of the Group in Hong Kong.

The unaudited financial information for the six months ended 30 June 2018 together with the comparative figures for the corresponding periods in 2017 were as follows:

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

For the six months ended 30 June 2018

		For the six months ended 30 June	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
REVENUE	4	**65,906**	45,549
Other income	4	**2,678**	2,068
Staff costs		**(28,154)**	(18,414)
Property rental and related expenses		**(13,212)**	(7,797)
Depreciation and amortisation		**(3,729)**	(2,450)
Food		**(1,978)**	(1,383)
Medical fees		**(3,408)**	(2,190)
Professional and legal fees		**(2,128)**	(725)
Utility expenses		**(1,448)**	(952)
Consumables		**(664)**	(591)
Other operating expenses		**(2,202)**	(2,058)
Listing expenses		**–**	(5,741)
PROFIT BEFORE TAX	5	**11,661**	5,316
Income tax expenses	6	**(2,109)**	(1,940)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**9,552**	3,376
Attributable to:			
Owners of the parent		**8,844**	2,454
Non-controlling interests		**708**	922
		9,552	3,376
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (HK cents)	8	**2.21**	0.82

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 2018

	Notes	**As at 30 June 2018 *HK$'000* (unaudited)**	As at 31 December 2017 *HK$'000* (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	**10,301**	11,771
Intangible assets		**6,943**	8,636
Goodwill		**79,940**	79,940
Deferred tax assets		**714**	721
Total non-current assets		**97,898**	101,068
CURRENT ASSETS			
Trade receivables	10	**113**	270
Prepayments, deposits and other receivables		**7,759**	7,252
Tax recoverable		**626**	809
Cash and bank balances		**48,364**	47,567
Total current assets		**56,862**	55,898
CURRENT LIABILITIES			
Trade payables	11	**990**	868
Other payables and accruals		**14,169**	15,154
Due to a related company		**288**	261
Tax payables		**3,194**	1,746
Total current liabilities		**18,641**	18,029
NET CURRENT ASSETS		**38,221**	37,869
TOTAL ASSETS LESS CURRENT LIABILITIES		**136,119**	138,937

	As at 30 June 2018 *HK$'000* (unaudited)	As at 31 December 2017 *HK$'000* (audited)
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**786**	1,156
Total non-current liabilities	**786**	1,156
Net assets	**135,333**	137,781
EQUITY		
Equity attributable to the equity holder of the parent:		
Issued capital	**4,000**	4,000
Reserves	**127,849**	131,005
	131,849	135,005
Non-controlling interests	**3,484**	2,776
Total equity	**135,333**	137,781

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 GEM 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 2018 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 2017.

The interim 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 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 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 interim condensed consolidated financial statements:

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

Except as described below for the IFRS 9 and IFRS 15, the directors of the Company considered that the application of the other new and revised IFRSs and IASs do not have material impact on the Group's consolidated financial results.

The adoption of IFRS 9 resulted in the following changes to the Group's accounting policies:

Financial assets

The Group classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

A financial asset is measured at amortised cost only if both of the following conditions are met:

– it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

– the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial liabilities

Financial liabilities continue to be measured at either amortised cost or fair value through profit or loss ("**FVTPL**"). The criteria for designating a financial liability at FVTPL by applying the fair value option remains unchanged.

Changes in the fair value of financial liabilities designated at FVTPL, that are attributable to changes in the instrument's credit risk, are now presented in other comprehensive income.

Impairment

The IFRS 9 impairment requirements are based on an expected credit loss model, replacing the incurred loss methodology model under IAS 39. The Group applies simplified approach to measure expected credit losses ("**ECL**") on trade receivables. Under the simplified approach, the Group measures the loss allowance at an amount equal to lifetime ECL.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the Group:

(i) Classification and measurement of financial instruments

On 1 January 2018, the Group's management has assessed which business models apply to the financial assets held by the Group at the date of initial application of IFRS 9 (1 January 2018) and has classified its financial instruments into the appropriate IFRS 9 categories.

As a result, all financial assets classified as loans and receivables under IAS 39 has been classified as amortised cost under IFRS 9.

IFRS 15 Revenue from Contracts with Customers

IFRS15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The Directors of the Company considers the revenue recognition results for the revenue sources of the Group (i.e. revenue from providing residential care home services to the elderly residents) are consistent between under IFRS 15 and IAS 18. As a result, no reconciliation from IAS 18 to IFRS 15 is presented.

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$14,248,000 and HK$11,948,000 for six months ended 30 June 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:

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Revenue		
Rendering of elderly home care services	**51,244**	37,709
Sales of elderly related goods and provision of healthcare services	**14,662**	7,840
	65,906	45,549
Other income		
Government grants	**1,683**	1,485
Sundry income	**477**	92
Rental income	**417**	275
Bank interest income	**63**	–
Others	**38**	216
	2,678	2,068

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Cost of inventories sold	**4,114**	3,233
Depreciation	**2,036**	1,399
Amortisation of intangible assets	**1,693**	1,052
Auditors' remuneration	**700**	400
Employee benefit expense including Directors' and chief executive's remuneration:		
– Wages and salaries	**26,666**	17,644
– Pension scheme contributions	**892**	612
	27,558	18,256
Minimum lease payments under operating leases of land and buildings	**13,212**	7,797
Bank interest income*	**(63)**	–
Government grants*/#	**(1,683)**	(1,485)

* 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 home care centres. 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.

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current – Hong Kong		
Charge for the period	**2,472**	2,203
Deferred tax	**(363)**	(263)
Total tax charge for the period	**2,109**	1,940

7. DIVIDENDS

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Final – HK3.00 cents (six months ended 30 June 2017: Nil) per ordinary share	**12,000**	–

The distribution amounts set out in the interim condensed consolidated statements of changes in equity of HK$2,000,000 for the six monthes ended 30 June 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 six months ended 30 June 2018 attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 400,000,000 (six months ended 30 June 2017: 300,000,000) 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:

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Earnings:		
Profit attributable to ordinary equity holders of the Company used in the basic earnings per share calculation	**8,844**	2,454

	Six months ended 30 June	
	2018	2017
Shares:		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation*	**400,000,000**	300,000,000

* Upon the Listing of the Company's shares, the Company capitalised HK$2,999,934 standing to the credit of the share premium account of the Company to pay up in full 299,993,450 new ordinary shares of HK$0.01 each for allotment and issue pari passu to the then existing shareholders of the Company ("**Capitalisation Issue**"). Shares during six months ended 30 June 2017 was 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 six months ended 30 June 2018 and 2017 as the Group had no potentially dilutive ordinary shares in issue during these periods.

9. TRADE RECEIVABLES

	As at 30 June 2018 *HK$'000* **(unaudited)**	As at 31 December 2017 *HK$'000* (audited)
Trade receivables	**113**	270

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 2018 and 31 December 2017, 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 2018 *HK$'000* **(unaudited)**	As at 31 December 2017 *HK$'000* (audited)
Within 3 months	**954**	868
3 to 6 months	**36**	–
	990	868

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

There was no significant event that took place after the reporting period and up to the date of the financial statements.

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 set out in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules.

INTEREST OF COMPLIANCE ADVISER

As confirmed by the Company's compliance adviser, Guotai Junan Capital Limited (the "**Compliance Adviser**"), as at 30 June 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 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 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.

INTERIM DIVIDEND

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

SHARE OPTION SCHEME

The Company has 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 during the Reporting Period and there was no outstanding share option as at 30 June 2018.

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 INTERIM 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 interim results 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 August 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 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.