



Hang Chi Holdings Limited

恒智控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8405

**2020
Interim
Report**



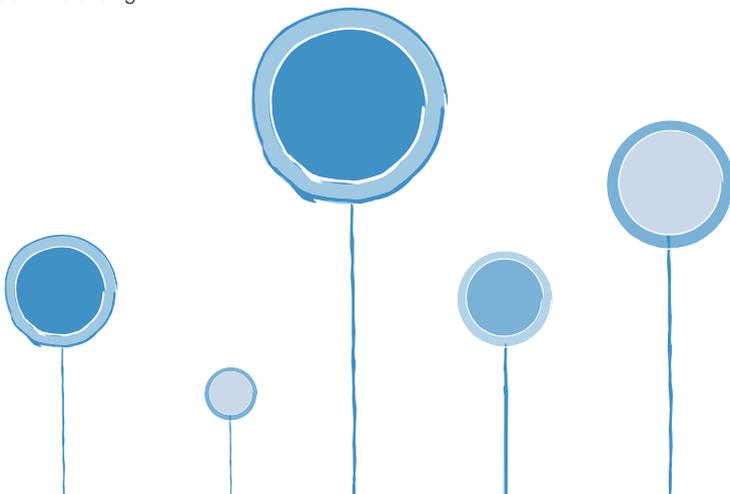
CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

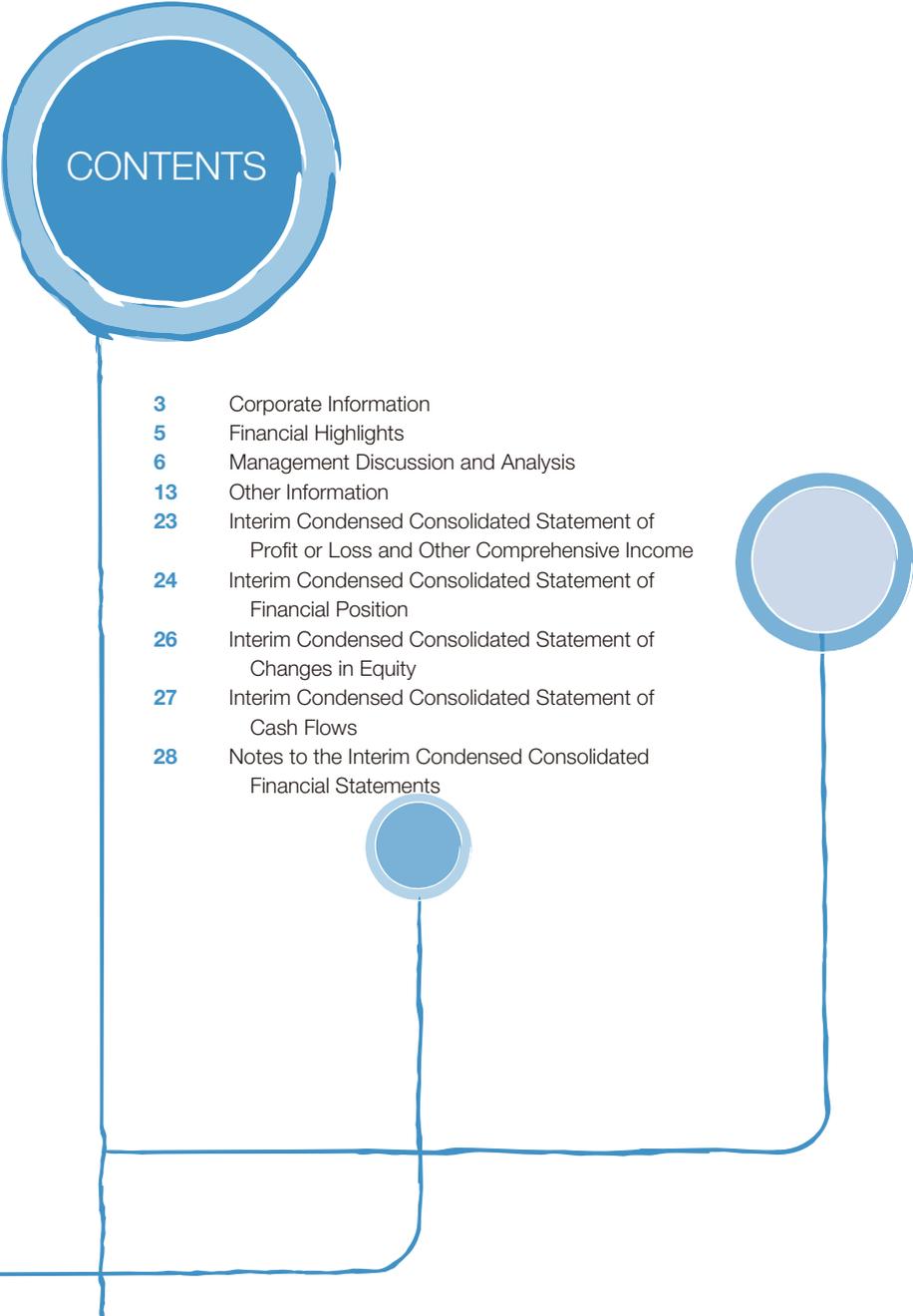
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Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no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

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This report, 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 report 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 report misleading.





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Corporate Information

Board of Directors

Executive Directors

Mr. Yik Tak Chi (*Chairman*)
Mr. Chung Kin Man
Ms. Chung Wai Man
Mr. Lui Chi Tat

Non-executive Director

Mr. Lau Joseph Wan Pui

Independent non-executive Directors

Mr. Kwok Chi Shing
Mr. Lau Tai Chim
Mr. Wong Wai Ho

Board Committees

Audit Committee

Mr. Kwok Chi Shing (*Chairman*)
Mr. Lau Tai Chim
Mr. Wong Wai Ho

Nomination Committee

Mr. Yik Tak Chi (*Chairman*)
Mr. Lau Tai Chim
Mr. Wong Wai Ho

Remuneration Committee

Mr. Lau Joseph Wan Pui (*Chairman*)
Mr. Kwok Chi Shing
Mr. Lau Tai Chim

Company Secretary

Ms. Leung Pui Shan (*HKICPA*)

Authorised Representatives

Mr. Chung Kin Man
Ms. Leung Pui Shan

Compliance Officer

Mr. Chung Kin Man

Registered Office

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Headquarters and Principal Place of Business in Hong Kong

Room D, 35/F., T G Place
10 Shing Yip Street
Kwun Tong
Kowloon
Hong Kong

Auditor

Ernst & Young
Certified Public Accountants

Principal Banker

Hang Seng Bank Limited
Wing Lung Bank Limited
Bank of China (Hong Kong) Limited

Corporate Information

Principal Share Registrar and Transfer Office in the Cayman Islands

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Branch Share Registrar and Transfer Office in Hong Kong

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F.
148 Electric Road
North Point
Hong Kong

Stock Code

8405

Company's Website

www.shuionnc.com

Contact Information

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Financial Highlights

Six months ended 30 June

	2020	2019	Change %
	HK\$'000	HK\$'000	
	(unaudited)	(unaudited)	(approximate)
Statement of profit or loss and other comprehensive income			
Revenue	101,168	71,297	41.90%
EBITDA	43,569	22,345	94.98%
Profit for the period	19,354	11,164	73.36%

	30 June	31 December	Change %
	2020	2019	
	HK\$'000	HK\$'000	
	(unaudited)	(audited)	(approximate)
Statement of financial position			
Cash and cash equivalents	54,793	52,267	4.83%
Trade receivables	301	464	-35.13%
Net assets value	166,700	173,027	-3.66%

Management Discussion and Analysis

Business Review and Outlook

The Company and its subsidiaries (collectively, the “Group”) are 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 six months ended 30 June 2020 (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.

In view of the recent outbreak of coronavirus 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 will hold meetings regularly to review the adequacy of current measures. As at the date of this report, the outbreak of coronavirus has not adversely affected the business and daily operation of the Group.

Management Discussion and Analysis

Operating Performance

Revenue

The breakdown of revenue by types of services provided by the Group during the Reporting Period and for the six months ended 30 June 2019 are set out as follows:

	Six months ended 30 June			
	2020		2019	
	Revenue HK\$'000	Percentage of segment revenue approximate %	Revenue HK\$'000	Percentage of segment revenue approximate %
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”)	18,774	18.56%	15,407	21.61%
– residential care places leased by the SWD under the Bought Place Scheme on Day Care Units (the “Day Care Services”)	477	0.47%	–	–
– residential care places leased by individual customers	56,296	55.65%	38,507	54.01%
– residential care places leased by non-governmental organisations	476	0.47%	250	0.35%
	76,023	75.15%	54,164	75.97%
Sales of elderly related goods and provision of healthcare services	25,145	24.85%	17,133	24.03%
Total	101,168	100.00%	71,297	100.00%

Management Discussion and Analysis

During the Reporting Period, the Group's revenue increased from approximately HK\$71,297,000 for the same period last year to approximately HK\$101,168,000, representing an approximately 41.90% 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\$54,164,000 for the same period last year to approximately HK\$76,023,000 for the Reporting Period, representing an approximately 40.36% 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\$15,407,000 for the same period last year to approximately HK\$18,774,000, representing an approximately 21.85% 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 20 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\$477,000.

- *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 increased from approximately HK\$38,507,000 for the same period last year to approximately HK\$56,296,000 for the Reporting Period, representing an approximately 46.20% increase.

The increment was mainly due to completion of the acquisition of 60% of the issued share capital of Guardian Home Limited on 12 July 2019 which increased the total number of residential care places. After the aforesaid acquisition, the Group owned and operated seven elderly residential care homes with a total of 1,085 residential care places for the Reporting Period; while there were six elderly residential care homes with a total of 816 residential care places for the same period last year. Thus, the revenue amount increased.

Management Discussion and Analysis

- *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\$250,000 for the same period last year to approximately HK\$476,000 for the Reporting Period, representing an approximately 90.40% 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\$17,133,000 for the same period last year to approximately HK\$25,145,000 for the Reporting Period, representing an approximately 46.76% increase.

Average occupancy rates of the elderly residential care homes

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

Six months ended 30 June

	2020 approximate %	2019 approximate %
Average occupancy rates		
– elderly residential care homes under the EBPS	93.27%	94.07%
– non-EBPS elderly residential care homes	88.71%	92.78%

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 which increased the total number of staff, the amount of staff costs increased from approximately HK\$28,024,000 for the same period last year to approximately HK\$37,177,000 for the Reporting Period, representing an approximately 32.66% increase.

Management Discussion and Analysis

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 decreased from approximately HK\$9,889,000 for the same period last year to approximately HK\$8,598,000 for the Reporting Period, representing an approximately 13.05% decrease. 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\$22,083,000 in total for the Reporting Period.

Profit for the period

During the Reporting Period, the Group recorded a profit of approximately HK\$19,354,000 and approximately HK\$11,164,000 was noted for the same period last year. Such increase was attributable to the increment in revenue and better cost control policy implemented during the Reporting Period.

Liquidity, Financial Resources, Gearing and Capital Structure

Liquidity

As at 30 June 2020, current assets amounted to approximately HK\$72,828,000 (31 December 2019: approximately HK\$69,293,000). Current liabilities were approximately HK\$54,770,000 (31 December 2019: approximately HK\$48,583,000).

Financial Resources

As at 30 June 2020, the Group had total cash and bank balances of approximately HK\$54,793,000 (31 December 2019: approximately HK\$52,267,000).

As at 30 June 2020, the Group had trade receivables of approximately HK\$301,000 (31 December 2019: approximately HK\$464,000).

Gearing

The gearing ratio of the Group as at 30 June 2020 was 29% (31 December 2019: 30%) as the Group incurred the lease liabilities with the adoption of IFRS 16 Leases during the Reporting Period. The Group was not in need of any material debt financing during the Reporting Period.

The approach of the board of Directors of the Company (the “Board”) to manage the Group’s working capital is to ensure sufficient liquid assets to meet its matured liabilities so as to avoid any unacceptable losses or damage to the Group’s reputation.

Management Discussion and Analysis

Capital Structure

The shares of the Company (the “Shares”) were successfully listed on GEM of the Stock Exchange on 12 July 2017. 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 2020, the total equity of the Group was approximately HK\$166,700,000 (31 December 2019: approximately HK\$173,027,000).

Dividend

The Board does not recommend the payment of an interim dividend for the Reporting Period (30 June 2019: nil)

Significant Investments Held by the Group

As at 30 June 2020, 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 of the Company dated 28 June 2017 (the “Prospectus”) and the announcement of the Company dated 26 October 2018, 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 2020, the Group had no material contingent liabilities (31 December 2019: nil).

Management Discussion and Analysis

Capital Expenditure

During the Reporting Period, the Group's capital expenditure amounted to approximately HK\$1,562,000 (30 June 2019: approximately HK\$645,000) 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 2020, the Group had 373 employees (30 June 2019: 269 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 (the "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 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.

Given that GEM has been positioned and perceived as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Main Board and that the entry requirements for the Main Board are higher than that of GEM, the Directors consider that the Main Board is a market for more established companies and is perceived to enjoy a more advanced status. Thus, the Proposed Transfer of Listing will enhance the corporate profile of the Group and strengthen the recognition of the Group in the industry and among both institutional and retail investors, customers and other stakeholders, which would result in a larger investor base and greater trading liquidity of the Shares and enhance the competitiveness of the Group in the industry. Having considered the aforesaid, the Directors are of the view that the listing of the Shares on the Main Board will be beneficial to the future growth, business development and financial flexibility of the Group.

Other Information

For more details about the Proposed Transfer of Listing, please refer to the announcement of the Company dated 16 June 2020. Further announcement(s) will be made by the Company to keep the Shareholders and potential investors of the Company 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.

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.

Other Information

Share Option Scheme

Pursuant to the resolution passed by the shareholders of the Company 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 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 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 report.

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 report.

Share Award Scheme

On 6 November 2019, the Board resolved to adopt the Share Award Scheme, pursuant to which ordinary Shares were awarded to the selected participants in accordance with the rules of the Share Award Scheme. Each selected participant shall be a full-time employee of the Group who is not a Director or connected person of the Company. The maximum number of awarded shares which may be awarded under the Share Award Scheme shall be 1,360,000 Shares, representing approximately 0.34% of the total number of issued Shares.

On 22 January 2020, 1,336,000 Shares, representing approximately 0.33% of the total number of issued Shares, were awarded to the selected participants, all of whom are independent third parties and full-time employees of the Group, pursuant to the rules of the Share Award Scheme. The Share Award Scheme lapsed after completion of the transfer of the awarded shares on the same date.

For details of the Share Award Scheme, please refer to the Company's announcement dated 6 November 2019.

Other Information

Continuing Connected Transactions

As the original tenancy agreements would expire on 30 June 2020, on 27 May 2020, Shui Jun Nursing Centre (Yau Tong) Company Limited (“Shui Jun (Yau Tong)”), a wholly-owned subsidiary of the Company, as tenant, entered into two new tenancy agreements (collectively, the “Tenancy Agreements”) with Ever Premier Limited (“Ever Premier”) and Roymark Limited (“Roymark”), as landlords, respectively, to renew the original tenancy agreements dated 30 June 2019 (as supplemented and amended by the supplemental agreements dated 9 August 2019). The premises under the Tenancy Agreements are rented by Shui Jun (Yau Tong) for the operation of the elderly residential care home under the name of Shui Jun Nursing Centre (Yau Tong) Company Limited (瑞臻護老中心(油塘)有限公司) from 1 July 2020 to 30 June 2021 at the monthly rental of HK\$150,000 and HK\$620,000 per month, respectively.

As at the date of this report, (i) Roymark is beneficially owned as to 40% by Mr. Yik Tak Chi (“Mr. Yik”) (through Hang Chi Development & Investment Limited (“HCDI”)), 25% by Ms. Yik Wai Hang (“Ms. WH Yik”) and 35% by two other independent third parties; (ii) the board of directors of Roymark consists of five directors, including Mr. Yik, Ms. WH Yik, Mr. Lui Chi Tat (“Mr. Lui”) and two other independent third parties; (iii) Ever Premier is wholly-owned by Roymark; and (iv) the board of directors of Ever Premier consisted of two directors, including Mr. Yik and Mr. Lui. As (a) Mr. Yik is an executive Director and a controlling shareholder of the Company; (b) Mr. Lui is the chief executive officer of the Company and an executive Director; and (c) Ms. WH Yik is a controlling shareholder of the Company, a sister of Mr. Yik and the mother of Mr. Lui, Roymark and Ever Premier are associates of connected persons of the Company under the GEM Listing Rules and the transactions contemplated under the Tenancy Agreements constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

Other Information

Directors' and Chief Executive's Interests and Short Positions In Shares, Underlying Shares and Debentures of the Company or any Associated Corporation

As at 30 June 2020, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in the Shares

Name of Director/ Chief executive	Capacity/Nature of interests	Number of Shares held/ interested in	Approximate percentage of shareholding ^(Note 1)
Mr. Yik	(i) Interest of controlled corporation ^(Note 2)	262,980,000	65.75%
	(ii) Beneficial owner ^(Note 2)		
Mr. Lui	(i) Interest of controlled corporation ^(Note 3)	36,032,000	9.01%
	(ii) Beneficial owner ^(Note 3)		
	(iii) Interest of spouse ^(Note 3)		
Mr. Chung Kin Man ("Mr. Chung")	Beneficial owner	40,000	0.01%
Ms. Chung Wai Man ("Ms. Chung")	Beneficial owner	20,000	0.005%

Other Information

Notes:

1. The approximate percentage of shareholding is calculated based on 400,000,000 Shares in issue as at 30 June 2020.
2. As at 30 June 2020, Mr. Yik was interested in 262,980,000 Shares, of which 248,700,000 Shares were held by Shui Wah Limited (“Shui Wah”) and 14,280,000 Shares were directly held by him. Shui Wah was owned as to 89.11% by Lucky Expert Investments Limited (“Lucky Expert”), which was in turn owned as to 59.88% by HCDI. Mr. Yik indirectly owned the entire issued share capital of HCDI through Multifield Investment Development Limited (“Multifield”). By virtue of the SFO, Mr. Yik is deemed to be interested in the same number of shares in Lucky Expert held by HCDI, same number of shares in Shui Wah held by Lucky Expert, and all the Shares held by Shui Wah. Mr. Yik is the sole director of Shui Wah, Lucky Expert, HCDI and Multifield.
3. As at 30 June 2020, Mr. Lui was interested in 36,032,000 Shares, of which 15,300,000 Shares were held by Jumbo Sino Investment Limited (“Jumbo Sino”), a company incorporated in Hong Kong and wholly owned by Mr. Lui, 20,720,000 Shares were directly held by him and 12,000 Shares were held by his spouse. By virtue of the SFO, Mr. Lui is deemed to be interested in all the Shares held by Jumbo Sino and his spouse. Mr. Lui is a director of Jumbo Sino.

Other Information

Long Positions in the ordinary shares of associated corporation

Name of Directors/ chief executive	Name of associated corporation	Capacity/Nature of interests	Number of shares held/ interested in	Percentage of shareholding
Mr. Yik	Multifield	Beneficial owner ^(Note)	1	100.00%
	HCDI	Interest of controlled corporation ^(Note)	20,000	100.00%
	Lucky Expert	Interest of controlled corporation ^(Note)	5,988	59.88%
	Shui Wah	Interest of controlled corporation ^(Note)	8,911	89.11%
Mr. Chung	Lucky Expert	Beneficial owner	493	4.93%
Ms. Chung	Lucky Expert	Beneficial owner	602	6.02%
Mr. Lui	Jumbo Sino	Beneficial owner	3	100.00%

Note:

As at 30 June 2020, the Company was owned as to approximately 62.18% by Shui Wah. Shui Wah was owned as to 89.11% by Lucky Expert, which was in turn owned as to 59.88% by HCDI. Mr. Yik indirectly owned the entire issued share capital of HCDI through Multifield. By virtue of the SFO, Mr. Yik is deemed to be interested in the same number of shares in Lucky Expert held by HCDI, same number of shares in Shui Wah held by Lucky Expert and all the Shares held by Shui Wah. Accordingly, Multifield, HCDI, Lucky Expert and Shui Wah are associated corporations of the Company.

Save as disclosed above, as at 30 June 2020, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which was required to be notified the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or otherwise to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Other Information

Substantial Shareholders' Interest and Short Positions in Shares and Underlying Shares

As at 30 June 2020, as far as known to the Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had the interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions in the Shares

Name of Shareholder	Capacity/Nature of interests	Number of Shares held/ interested in	Approximate percentage of shareholding ^(Note 1)
Shui Wah	Beneficial owner ^(Note 2)	248,700,000	62.18%
Lucky Expert	Interest in controlled corporation ^(Note 2)	248,700,000	62.18%
Multifield	(i) Interest in controlled corporation ^(Note 2) (ii) Interest held jointly with other person ^(Note 3)	262,980,000	65.75%
HCDI	(i) Interest in controlled corporation ^(Note 2) (ii) Interest held jointly with other person ^(Note 3)	262,980,000	65.75%
Ms. WH Yik	Interest held jointly with other person ^(Note 3)	262,980,000	65.75%
Ms. Chung Shuk Man	Interest of spouse ^(Note 4)	262,980,000	65.75%
Yingfeng International Investment Limited (盈豐國際投資有限公司) (“Yingfeng International”)	Beneficial owner ^(Notes 5 and 6)	32,000,000	8.00%
Rupei Industrial (Shanghai) Co., Ltd.* (芮沛實業(上海)有限公司) (“Rupei”)	Interest in controlled corporation ^(Notes 5 and 6)	32,000,000	8.00%

Other Information

Name of Shareholder	Capacity/Nature of interests	Number of Shares held/ interested in	Approximate percentage of shareholding ^(Note 1)
Zhongchuang Investment (Holdings) Limited (眾創投資(控股)有限公司) ("Zhongchuang")	Interest in controlled corporation ^(Notes 5 and 6)	32,000,000	8.00%
China Minsheng Futurelife Holding Group Co., Ltd.* (中民未來控股集團有限公司) ("CMIG Futurelife")	Interest in controlled corporation ^(Notes 5 and 6)	32,000,000	8.00%
China Minsheng Investment Group Co., Ltd.* (中國民生投資股份有限公司) ("CMIG")	Interest in controlled corporation ^(Notes 5 and 6)	32,000,000	8.00%

* For identification purposes only

Notes:

- The approximate percentage of shareholding is calculated based on 400,000,000 Shares in issue as at 30 June 2020.
- As at 30 June 2020, Shui Wah held 248,700,000 Shares. Shui Wah was owned as to 89.11% by Lucky Expert, which was in turn owned as to 59.88% by HCDI. Mr. Yik indirectly owned the entire issued share capital of HCDI through Multifield. By virtue of the SFO, each of Mr. Yik, Multifield, HCDI and Lucky Expert is deemed to be interested in all the Shares held by Shui Wah.
- On 13 December 2016, Mr. Yik, Multifield, HCDI and Ms. WH Yik entered into an acting in concert agreement (the "Acting In Concert Agreement") to acknowledge and confirm, among other things, that they are parties acting in concert (having the meaning as ascribed thereto in The Codes on Takeovers and Mergers and Share Buy-backs) in respect of each of the members of the Group from the date of which both Mr. Yik and Ms. WH Yik became the shareholders of Shui On Nursing Home Holdings Limited (i.e. 31 July 2013) and will continue to be parties acting in concert until such arrangement is terminated in writing by them pursuant to the Acting In Concert Agreement. As such, they are deemed to be interested in the Shares held by the others.

Other Information

As disclosed above, as at 30 June 2020, Mr. Yik was interested in 262,980,000 Shares. Accordingly, by virtue of the Acting in Concert Agreement, Mr. Yik, Multifield, HCDCI and Ms. WH Yik together control controlling approximately 65.75% of the issued share capital of the Company.

4. Ms. Chung Shuk Man is the spouse of Mr. Yik. By virtue of the SFO, Ms. Chung Shuk Man is deemed to be interested in all the Shares in which Mr. Yik is interested.
5. As disclosed in the Prospectus, on 21 June 2017, Yingfeng International, as cornerstone investor, entered into a cornerstone investment agreement with, among others, the Company, pursuant to which Yingfeng International subscribed for a total number of 32,000,000 Shares.
6. Yingfeng International is a company incorporated under the laws of British Virgin Islands. To the best of the Directors' knowledge, information and belief, after making all reasonable enquiries, Yingfeng International is wholly-owned by Zhongchuang, a company incorporated in Hong Kong. Zhongchuang is wholly owned by Ruipei, which is in turn wholly owned by CMIG Futurelife. CMIG Futurelife is held as to 65% by CMIG and 35% by an independent third party. Each of Ruipei, CMIG Futurelife and CMIG is established under the laws of the PRC.

Save as disclosed above, as at 30 June 2020, the Directors were not aware of any persons (other than the Directors and chief executive of the Company) who had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Arrangements to Acquire Shares and Debentures

Other than the Share Option Scheme and as disclosed under the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation" above, at no time during the Reporting Period, was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) or to acquire benefits by means of acquisitions of shares in, or debentures of, the Company or any other body corporate.

Other Information

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 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 unaudited results for the Reporting Period and the interim 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
Yik Tak Chi
Chairman

Hong Kong, 6 August 2020

As at the date of this report, 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.

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2020

The Board hereby presents the unaudited interim condensed consolidated results of the Group, for the six months ended 30 June 2020 together with the unaudited comparative figures for the corresponding periods in 2019, as follows:

	Notes	Six months ended 30 June	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
REVENUE	4	101,168	71,297
Other income	4	6,734	3,056
Staff costs		(37,177)	(28,024)
Property rental and related expenses		(8,598)	(9,889)
Depreciation and amortisation		(17,899)	(8,641)
Food		(2,792)	(2,068)
Medical fees		(4,698)	(4,187)
Professional and legal fees		(4,224)	(3,108)
Utility expenses		(1,610)	(1,467)
Consumables		(867)	(648)
Other operating expenses		(4,367)	(1,933)
Finance costs	5	(2,254)	(684)
PROFIT BEFORE TAX	6	23,416	13,704
Income tax expenses	7	(4,062)	(2,540)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		19,354	11,164
Attributable to:			
Owners of the parent		16,899	10,598
Non-controlling interests		2,455	566
		19,354	11,164
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic and diluted (HK cents)	9	4.22	2.65

Other Information

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Interim Condensed Consolidated Statement of Financial Position

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

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2020

		As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	10	8,351	8,401
Right-of-use assets		90,944	102,515
Intangible assets		9,790	12,797
Goodwill		112,790	112,790
Deferred tax assets		1,493	1,290
		223,368	237,793
CURRENT ASSETS			
Trade receivables	11	301	464
Prepayments, other receivables and other assets		17,682	16,125
Tax recoverable		52	437
Cash and cash equivalents		54,793	52,267
		72,828	69,293
CURRENT LIABILITIES			
Trade payables	12	1,188	1,727
Other payables and accruals		23,634	18,563
Due to a related company		421	295
Tax payables		5,813	5,217
Lease liabilities		23,714	22,781
		54,770	48,583
		18,058	20,710
NET CURRENT ASSETS			
		18,058	20,710
TOTAL ASSETS LESS CURRENT LIABILITIES			
		241,426	258,503

Other Information

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Interim Condensed Consolidated Statement of Financial Position

Interim Condensed Consolidated Statement of Financial Position

As as 30 June 2020

	As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
<i>Notes</i>		
NON-CURRENT LIABILITIES		
Deferred tax liabilities	452	745
Lease liabilities	74,274	84,731
Total non-current liabilities	74,726	85,476
Net assets	166,700	173,027
EQUITY		
Equity attributable to the owners of the parent:		
Issued capital	4,000	4,000
Reserves	152,246	159,347
Non-controlling interests	156,246 10,454	163,347 9,680
Total equity	166,700	173,027

Other Information

Interim Condensed Consolidated
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Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Attributable to owners of the parent					Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Issued capital HK\$'000	Share premium* HK\$'000	Merger reserve* HK\$'000	Other reserve* HK\$'000	Retained profits* 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	-	-	-	-	16,899	16,899	2,455	19,354
Final/interim dividend declared	-	-	-	-	(24,000)	(24,000)	(1,681)	(25,681)
At 30 June 2020 (unaudited)	4,000	109,298	5	(10,840)	53,783	156,246	10,454	166,700

For the six months ended 30 June 2019

	Attributable to owners of the parent					Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Issued capital HK\$'000	Share premium* HK\$'000	Merger reserve* HK\$'000	Other reserve* HK\$'000	Retained profits* HK\$'000			
At 31 December 2018 and 1 January 2019 (audited)	4,000	109,298	5	(1,046)	32,649	144,906	2,084	146,990
Profit and total comprehensive income for the period	-	-	-	-	10,598	10,598	566	11,164
Interim dividend declared	-	-	-	-	-	-	(400)	(400)
At 30 June 2019 (unaudited)	4,000	109,298	5	(1,046)	43,247	155,504	2,250	157,754

* These reserve accounts comprise the consolidated reserves of HK\$152,246,000 and HK\$151,504,000 in the interim condensed consolidated statement of financial position as at 30 June 2020 and 2019, respectively.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	23,416	13,704
Total adjustments	20,153	9,325
Total working capital adjustments	3,264	(2,957)
Cash generated from operations	46,833	20,072
Interest paid	(2,254)	(684)
Tax refund	330	–
Income tax paid	(3,907)	–
Net cash flows from operating activities	41,002	19,388
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property, plant and equipment	(1,562)	(645)
Prepayment for proposed acquisition of a company	–	(30,000)
Net cash flows used in investing activities	(1,562)	(30,645)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(25,681)	(400)
Principal portion of lease payments	(11,233)	(4,410)
Net cash flows used in financing activities	(36,914)	(4,810)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,526	(16,067)
Cash and cash equivalents at beginning of period	52,267	59,283
CASH AND CASH EQUIVALENTS AT END OF PERIOD	54,793	43,216
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	46,048	13,150
Non-pledged time deposits with original maturity of less than three months when acquired	8,745	30,066
Cash and cash equivalents as stated in the consolidated statement of financial position and consolidated statement of cash flows	54,793	43,216

Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

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 interim condensed consolidated financial statements for the six months ended 30 June 2020 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 2019.

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.

Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

2.2 New Standards, Interpretations and Amendments Adopted by the Group

The accounting policies adopted in the preparation of the interim 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 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

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 3	<i>Definition of a Business</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>

The directors of the Company considered that the application of the new and revised IFRSs and IASs do not have material impact on the Group's interim 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\$19,251,000 for the six months ended 30 June 2020 (six months ended 30 June 2019: HK\$15,407,000), which amounted to more than 10% of the Group's revenue, was derived from the Hong Kong Government under the Enhanced Bought Place Scheme and the Bought Place Scheme on Day Care Units.

Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

4. Revenue and Other Income

An analysis of revenue is as follows:

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue from contracts with customers		
Rendering of elderly home care services	76,023	54,164
Sales of elderly related goods and provision of healthcare services	25,145	17,133
	101,168	71,297

Revenue from contracts with customers

(i) *Disaggregated revenue information*

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Timing of revenue recognition		
Services transferred over time	86,996	61,855
Goods transferred at a point in time	14,172	9,442
	101,168	71,297

**Total revenue from contracts with
customers**

Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

4. Revenue and Other Income (Continued)

Revenue from contracts with customers (Continued)

(i) Disaggregated revenue information (Continued)

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:

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Rendering of elderly home care services	192	125
Sale of elderly related goods and provision of healthcare services	61	37
	253	162

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Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

4. Revenue and Other Income (Continued)

Revenue from contracts with customers (Continued)

(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 30 June 2020 and 31 December 2019 are as follows:

	As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
Within one year	350	253

Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

4. Revenue and Other Income (Continued)

An analysis of other income is as follows:

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Other income		
Government grants	4,672	1,685
Sundry income	352	533
Rental income	1,262	588
Bank interest income	267	176
Others	181	74
	6,734	3,056

5. Finance costs

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Interest on lease liabilities	2,254	684

Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

6. Profit Before Tax

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

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Cost of inventories sold	5,860	4,098
Depreciation of property, plant and equipment	1,612	2,067
Depreciation of right-of-use assets	13,280	4,882
Amortisation of intangible assets	3,007	1,692
Auditors' remuneration	800	700
Employee benefit expense including Directors' and chief executive's remuneration:		
– Wages and salaries	35,762	26,427
– Pension scheme contributions	1,045	894
	36,807	27,321
Bank interest income*	(267)	(176)
Government grants*	(4,672)	(1,685)

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

Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

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 (six months ended 30 June 2019: 16.5%).

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Current – Hong Kong		
Charge for the period	4,558	2,916
Deferred tax	(496)	(376)
Total tax charge for the period	4,062	2,540

8. Dividends

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Final – HK6.00 cents (six months ended 30 June 2019: Nil) per ordinary share	24,000	–

The distribution amounts set out in the interim condensed consolidated statements of changes in equity of HK\$1,681,000 for the six months ended 30 June 2020 represented the dividends declared by Shui On Nursing Centre (Kwai Shing E.) Co. Limited and Guardian Home Limited, non-wholly-owned subsidiaries of the Company, to their non-controlling shareholders.

The distribution amounts set out in the interim condensed consolidated statements of changes in equity of HK\$400,000 for the six months ended 30 June 2019 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.

Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

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 six months ended 30 June 2020 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 400,000,000 (six months ended 30 June 2019: 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:

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	16,899	10,598
	Six months ended 30 June	
	2020	2019
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	400,000,000	400,000,000

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2020 and 2019 as the Group had no potentially dilutive ordinary shares in issue during these periods.

Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

10. Property, Plant and Equipment

During the six months ended 30 June 2020, the Group acquired property, plant and equipment with a cost of HK\$1,562,000 (six months ended 30 June 2019: HK\$645,000).

During the six months ended 30 June 2020, depreciation for property, plant and equipment was HK\$1,612,000 (six months ended 30 June 2019: HK\$2,067,000).

During the six months ended 30 June 2020 and 2019, no property, plant and equipment was disposed of by the Group.

11. Trade Receivables

	As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
Trade receivables	301	464

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

The Group's trade receivables as at the end of the reporting period, 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.

Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

12. 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 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
Within 3 months	1,188	1,727

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.

13. Contingent Liabilities

The Group had no significant contingent liabilities as at 30 June 2020 and 31 December 2019.

Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

14. Related Party Transactions

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the reporting period:

		Six months ended 30 June	
Notes		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
	<i>Purchases from a related company of which Mr. Yik Tak Chi is a member of key management personnel</i>		
	Yu Fat Hong (Hong Kong) Limited	2,807	1,604
	<i>Rental expenses paid to related companies of which Mr. Yik Tak Chi is a member of key management personnel</i>		
	Ever Premier Limited	900	900
	Roymark Limited	3,720	3,720

Notes:

- (i) The purchases were made according to the prices and conditions offered by the related company to its major customers.
- (ii) The rental were determined based on terms mutually agreed by both parties at arm's length.

Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

14. Related Party Transactions *(Continued)*

(b) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Short term employee benefits	4,520	3,707
Post-employment benefits	133	113
Total compensation paid to key management personnel	4,653	3,820

15. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 6 August 2020.