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Kato (Hong Kong) Holdings Limited

嘉濤（香港）控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2189)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2025

FINANCIAL HIGHLIGHTS

- The Group recorded a total revenue for the Year of approximately HK\$317.1 million, representing an increase of approximately 16.9% as compared to the Previous Year.
- The Group recorded a profit attributable to the owners of the Company for the Year of approximately HK\$21.9 million, representing a decrease of approximately 65.9% as compared to the Previous Year.
- The Board has recommended a final dividend of HK2.0 cents per share for the Year, which is subject to the approval of the Shareholders at the forthcoming annual general meeting.

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Kato (Hong Kong) Holdings Limited (the “**Company**”) hereby presents the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2025 (the “**Year**”) together with the comparative figures for the year ended 31 March 2024 (the “**Previous Year**”), as follows:

Consolidated Statement of Profit or Loss

For the year ended 31 March 2025

		2025	2024
	Note	HK\$'000	HK\$'000
Revenue	3	317,114	271,334
Fair value change on investment properties		(23,300)	18,613
Employee benefit expenses, net		(133,810)	(107,656)
Depreciation of property and equipment		(13,578)	(10,840)
Depreciation of right-of-use assets		(35,703)	(36,796)
Property rental and related expenses		(7,244)	(5,711)
Food and beverage costs		(13,839)	(11,601)
Utility expenses		(7,325)	(6,725)
Supplies and consumables		(2,425)	(2,058)
Repairs and maintenance		(2,435)	(2,748)
Subcontracting fees, net		(9,773)	(6,027)
Laundry expenses		(2,961)	(2,457)
Medical fees and related expenses		(4,003)	(3,017)
Legal and professional fees		(2,097)	(3,162)
Other income and other gains, net		5,813	6,415
Other operating expenses		(17,773)	(15,296)
Finance costs, net		(14,681)	(8,367)
		<u>31,980</u>	<u>73,901</u>
Profit before taxation	4	31,980	73,901
Income tax expense	5	(10,853)	(9,793)
		<u>21,127</u>	<u>64,108</u>
Profit for the year		21,127	64,108

Consolidated Statement of Profit or Loss (continued)*For the year ended 31 March 2025*

	<i>Note</i>	2025 HK\$'000	2024 HK\$'000
Profit/(loss) for the year attributable to:			
Owners of the Company		21,884	64,185
Non-controlling interests		<u>(757)</u>	<u>(77)</u>
		<u>21,127</u>	<u>64,108</u>
Earnings per share attributable to the owners of the Company (<i>in HK cents</i>)			
Basic earnings per share	7	<u>2.19</u>	<u>6.42</u>
Diluted earnings per share	7	<u>2.19</u>	<u>6.42</u>

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2025

	Note	2025 HK\$'000	2024 HK\$'000
Profit for the year		21,127	64,108
Other comprehensive (loss)/income:			
<i>Item that will not be reclassified to profit or loss</i>			
Fair value changes of financial assets at fair value through other comprehensive income		53	(236)
Remeasurements of employee benefit obligations		(1,385)	2,262
Fair value changes on property revaluation		<u>—</u>	<u>25,493</u>
Other comprehensive (loss)/income for the year, net of tax		<u>(1,332)</u>	<u>27,519</u>
Total comprehensive income for the year		<u>19,795</u>	<u>91,627</u>
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		20,552	91,704
Non-controlling interests		<u>(757)</u>	<u>(77)</u>
		<u>19,795</u>	<u>91,627</u>

Consolidated Statement of Financial Position

As at 31 March 2025

	Note	2025 HK\$'000	2024 HK\$'000
ASSETS			
NON-CURRENT ASSETS			
Property and equipment		110,919	105,014
Investment properties		344,800	368,100
Right-of-use assets		251,607	282,115
Deferred tax assets		4,110	2,485
Prepayments and deposits		5,364	4,946
Financial assets at fair value through other comprehensive income		—	697
Total non-current assets		<u>716,800</u>	<u>763,357</u>
CURRENT ASSETS			
Trade receivables	8	15,983	12,682
Prepayments, deposits and other receivables		13,231	9,251
Short-term bank deposits		1,600	30,100
Restricted bank deposits		10,895	10,491
Cash and cash equivalents		51,057	37,420
Total current assets		<u>92,766</u>	<u>99,944</u>
Total assets		<u>809,566</u>	<u>863,301</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		10,000	10,000
Reserves		426,751	424,293
		436,751	434,293
Non-controlling interests		5,477	234
Total equity		<u>442,228</u>	<u>434,527</u>

Consolidated Statement of Financial Position (continued)

As at 31 March 2025

	<i>Note</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
LIABILITIES			
NON-CURRENT LIABILITIES			
Accruals and other payables	9	3,838	6,672
Lease liabilities		93,692	121,206
Bank borrowings		179,671	207,991
		277,201	335,869
CURRENT LIABILITIES			
Trade and other payables	9	27,139	24,376
Contract liabilities		1,136	964
Amount due to a director		—	250
Bank borrowings		28,100	26,323
Lease liabilities		31,497	28,783
Income tax payable		2,265	12,209
Total current liabilities		90,137	92,905
Total liabilities		367,338	428,774
Total equity and liabilities		809,566	863,301

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Kato (Hong Kong) Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 19 April 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as combined and revised) of the Cayman Islands. The address of the Company’s registered office situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in the provision of residential care services and day care services for the elderly in Hong Kong.

These consolidated financial statements are presented in thousands of Hong Kong Dollar (“**HK\$’000**”), unless otherwise stated.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of preparation

(a) *Compliance with HKFRS and HKCO*

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRS**”) Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap.622 (“**HKCO**”).

HKFRS Accounting Standards comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards
- Interpretations developed by the HKICPA

The preparation of the consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

(b) *Historical cost convention*

The consolidated financial statements have been prepared under the historical cost convention, except for the financial assets at fair value through other comprehensive income and investment properties, which are carried at fair value.

(c) *Amended standards and interpretation adopted by the Group*

The Group has applied the following amended standards and interpretation for the first time for their annual reporting period commencing 1 April 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to Hong Kong Interpretation 5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The amended standards and interpretation listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(d) *New standards, amended standards and interpretations issued but not yet effective*

A number of new standards, amended standards and interpretations have been issued but not effective during the year and have not been early adopted by the Group in preparing these consolidated financial statements:

		Effective for annual periods beginning on or after
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

**Effective for
annual periods
beginning
on or after**

Amendments to Hong Kong Interpretation 5	Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Management is in the process of assessing potential impact of the above new standards, amended standards and interpretations that are relevant to the Group upon initial application. It is not yet in a position to state whether these new standards, amended standards and interpretations will have a significant impact on the Group's result of operations and financial position.

3 REVENUE AND SEGMENT INFORMATION

The executive directors, who are the chief operating decision-maker (the “**CODM**”) of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the executive directors that are used to make strategic decisions.

The CODM has determined the operating segments based on these reports. The Group is organised into two business segments:

- (a) Elderly care services segment (“**Elderly care services**”) and
- (b) Investment properties holding segment (“**Investment properties holding**”).

(a) Segment revenue and results

The following tables present revenue and segment results regarding the Group's reportable segments for the years ended 31 March 2025 and 2024 respectively.

For the year ended 31 March 2025

	Elderly care services HK\$'000	Investment properties holding HK\$'000	Total HK\$'000
Revenue from contract with customers within the scope of HKFRS 15			
<i>Recognised over time:</i>			
Rendering of elderly home care services	232,962	—	232,962
Rendering of elderly community home care services	11,028	—	11,028
Rendering of medical and laboratory services	8,493	—	8,493
Rental and properties management fee income	—	1,894	1,894
<i>Recognised at a point in time:</i>			
Sales of elderly home related goods	51,165	—	51,165
Revenue arising from operating lease within the scope of HKFRS 16:			
Fixed	—	16,092	16,092
Segment revenue	303,648	17,986	321,634
Inter-segment revenue	—	(4,520)	(4,520)
Revenue from external customers	<u>303,648</u>	<u>13,466</u>	<u>317,114</u>
Segment results	63,204	(15,848)	47,356
Corporate and other unallocated expenses			(695)
Finance costs, net			<u>(14,681)</u>
Profit before taxation			<u>31,980</u>
Other information:			
Depreciation of property and equipment	(11,043)	(2,535)	(13,578)
Depreciation of right-of-use assets	(29,954)	(5,749)	(35,703)
Fair value loss on investment properties	—	(23,300)	(23,300)
Impairment loss on property and equipment	(1,700)	—	(1,700)
Capital expenditures	<u>(13,451)</u>	<u>(13,434)</u>	<u>(26,885)</u>

For the year ended 31 March 2024

	Elderly care services <i>HK\$'000</i>	Investment properties holding <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from contract with customers within the scope of HKFRS 15			
<i>Recognised over time:</i>			
Rendering of elderly home care services	200,664	—	200,664
Rendering of elderly community home care services	8,956	—	8,956
Rendering of medical and laboratory services	10,332	—	10,332
Rental and properties management fee income	—	1,470	1,470
<i>Recognised at a point in time:</i>			
Sales of elderly home related goods	43,278	—	43,278
Revenue arising from operating lease within the scope of HKFRS 16:			
Fixed	—	6,634	6,634
Segment revenue (from external customers)	<u>263,230</u>	<u>8,104</u>	<u>271,334</u>
Segment results	67,677	19,847	87,524
Corporate and other unallocated expenses			(5,256)
Finance costs, net			<u>(8,367)</u>
Profit before taxation			<u>73,901</u>
Other information:			
Depreciation of property and equipment	(10,840)	—	(10,840)
Depreciation of right-of-use assets	(34,094)	(2,702)	(36,796)
Fair value gain on investment properties	—	18,613	18,613
Capital expenditures	<u>(24,902)</u>	<u>(178,287)</u>	<u>(203,189)</u>

The Group's revenue was derived solely from its operations in Hong Kong during the year ended 31 March 2025, and the non-current assets of the Group were located in Hong Kong as at 31 March 2025 (2024: same).

Revenue of approximately HK\$141,425,000 (2024: HK\$128,420,000) for the year ended 31 March 2025 and 2024 was mainly derived from the Government of HKSAR under the Enhanced Bought Place Scheme ("EBPS"), Bought Place Scheme ("BPS") and by provision of residential care services in the Contract Home, which amounted to more than 10% of the Group's revenue.

The Group did not recognise any revenue-related contract assets during the year ended 31 March 2025 (2024: Nil).

(b) Segment assets and liabilities

As at 31 March 2025

	Elderly care services HK\$'000	Investment properties holding HK\$'000	Total HK\$'000
Assets			
Segment assets	<u>214,259</u>	<u>584,548</u>	798,807
Unallocated:			
Short-term bank deposits			1,600
Cash and cash equivalents			7,625
Prepayments, deposits and other receivables			<u>1,534</u>
Total assets			<u><u>809,566</u></u>
Liabilities			
Segment liabilities	<u>157,094</u>	<u>1,463</u>	158,557
Unallocated:			
Bank borrowings			207,771
Other payables			<u>1,010</u>
Total liabilities			<u><u>367,338</u></u>

As at 31 March 2024

	Elderly care services <i>HK\$'000</i>	Investment properties holding <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets			
Segment assets	<u>389,737</u>	<u>436,588</u>	826,325
Unallocated:			
Financial assets at fair value through other comprehensive income			697
Short-term bank deposits			30,100
Cash and cash equivalents			<u>6,179</u>
Total assets			<u><u>863,301</u></u>
Liabilities			
Segment liabilities	<u>184,046</u>	<u>4,416</u>	188,462
Unallocated:			
Bank borrowings			234,314
Other payables			5,748
Amount due to a director			<u>250</u>
Total liabilities			<u><u>428,774</u></u>

4 PROFIT BEFORE TAXATION

Profit before taxation is stated after charging/(crediting) the followings:

	2025 HK\$'000	2024 HK\$'000
Depreciation of property and equipment	13,578	10,840
Depreciation of right-of-use assets	35,703	36,796
Property rental and related expenses	7,244	5,711
Lease payments for short-term leases	1,503	1,532
Building management fees and rates	5,749	4,179
Gain on lease modification	(8)	—
Employee benefit expenses, net	133,810	107,656
Wages and salaries	122,644	100,449
Retirement benefit scheme contributions	4,211	3,178
Staff welfare and benefits	248	817
Provision for long service payments	614	477
Directors' remunerations	5,621	4,578
Share-based payment expenses — staff portion	1,270	1,306
Government subsidies	(798)	(3,149)
Legal and professional fees	2,097	3,162
Subcontracting fees, net	9,773	6,027
Subcontracting fees	17,247	12,689
Government subsidies	(7,474)	(6,662)
Auditor's remuneration		
Audit services	2,000	2,200
Non-audit services	300	925
Provision for loss allowance on trade receivables	—	18
Impairment loss on property and equipment	1,700	—
Gain on disposal of property and equipment	(34)	—
Insurance expenses	1,268	1,006
Donation	875	603
Government subsidies	(4,838)	(802)

As at 31 March 2025, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2024: Same).

5 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the two-tiered rate of 8.25% for the first HK\$2,000,000 of the estimated assessable profit of the qualifying group entity and 16.5% on the remaining estimated assessable profit of the Group for the years ended 31 March 2025 and 2024.

An analysis of the income tax expense is as follows:

	2025 HK\$'000	2024 HK\$'000
Hong Kong profits tax		
Current year	12,994	12,269
Over-provision in prior year	(516)	(280)
	<u>12,478</u>	<u>11,989</u>
Deferred tax	<u>(1,625)</u>	<u>(2,196)</u>
	<u><u>10,853</u></u>	<u><u>9,793</u></u>

6 DIVIDENDS

	2025 HK\$'000	2024 HK\$'000
2024 final dividend paid (HK2.0 cents per share)	20,000	—
2024 interim dividend paid (HK1.0 cents per share)	—	10,000
2023 final dividend paid (HK2.2 cents per share)	<u>—</u>	<u>22,000</u>
	<u><u>20,000</u></u>	<u><u>32,000</u></u>

A final dividend in respect of the year ended 31 March 2025 of HK2.0 cents per share, amounting to a total dividend of HK\$20,000,000, is to be proposed for approval at the forthcoming annual general meeting. The proposed final dividend has not been recognised as a liability in the consolidated financial statements.

7 EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 March 2025 and 2024.

	2025	2024
Profit attributable to the owners of the Company (HK\$'000)	21,884	64,185
Weighted average number of shares in issue (thousand shares)	<u>1,000,000</u>	<u>1,000,000</u>
Basic earnings per share (in HK cents)	<u><u>2.19</u></u>	<u><u>6.42</u></u>

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Shares issuable under the share option scheme are the only dilutive potential ordinary shares. A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average daily quoted market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

For the year ended 31 March 2025, dilutive earnings per share was of the same amount as the basic earnings per share as the share options were anti-dilutive (2024: same).

8 TRADE RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables	16,001	12,700
Less: loss allowance	(18)	(18)
	<u>15,983</u>	<u>12,682</u>

The ageing analysis of the Group's trade receivables, based on invoice date are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 30 days	7,906	7,566
31–60 days	6,798	4,779
61–180 days	1,116	101
Over 180 days	181	254
	<u>16,001</u>	<u>12,700</u>

The Group's trade receivables are non-interest-bearing and denominated in HK\$. The carrying amounts of trade receivables approximate their fair values due to their short maturities.

9 TRADE AND OTHER PAYABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables	2,545	2,310
Accruals and other payables	8,966	11,901
Accrued wages and salaries and contributions to MPF schemes	11,040	6,746
Deposits from customers	4,205	3,111
Rental deposits received	1,027	3,861
Provision for reinstatement cost	575	575
Employee benefit obligations	2,619	2,544
	<u>30,977</u>	<u>31,048</u>
Less: Non-current portion	<u>(3,838)</u>	<u>(6,672)</u>
Current portion	<u><u>27,139</u></u>	<u><u>24,376</u></u>

As at 31 March 2025 and 2024, the carrying amounts of trade and other payables approximate to their fair values are denominated in HK\$.

Trade payables are unsecured, non-interest bearing and repayable in accordance with contractual terms. The ageing analysis of trade payables by invoice date is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 60 days	<u><u>2,545</u></u>	<u><u>2,310</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Elderly home care services

Kato (Hong Kong) Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) is an established operator of residential care homes for the elderly (the “**RCHE(s)**”) in Hong Kong offering a comprehensive range of residential care services for the elderly, including (i) the provision of accommodation, professional nursing and care-taking services, nutritional management, medical services, physiotherapy and occupational therapy services, psychological and social care services, individual care plans and recreational services; and (ii) the sale of healthcare and medical goods and the provision of add-on healthcare services to the residents.

As at 31 March 2025 and 2024, the Group had a network of eleven (2024: nine) care and attention homes for the elderly with 1,378 (2024: 1,229) residential care places strategically located across six (2024: five) districts in Hong Kong. The Group’s care and attention homes operate under the brand names of “Fai To 輝濤”, “Kato 嘉濤”, “Happy Luck Home”, “Tsuen Wan Centre”, “Pine Villa”, “Ka Shui Garden 嘉瑞園” and “Hing Tin Elderly Centre”, all bearing the same logo.

The Group’s customers primarily consisted of two groups, namely (i) the Social Welfare Department (the “**SWD**”) with which the Group entered into contractual arrangements pursuant to which the SWD purchased residential care places from the Group under the Enhanced Bought Place Scheme (“**EBPS**”) or pursuant to which the SWD subsidised residential care places from the Group under the awarded tender operating a Contract Home; and (ii) individual customers who settled their own residential fee, being those who were subsidised by the SWD under the Residential Care Service Voucher Scheme for the Elderly and those who were subsidised by the SWD under the EBPS but settled the unsubsidised portion by themselves.

The following table sets forth a summary of the basic information of the Group's RCHes as at 31 March 2025:

	Location	Year of commencement of operations by the Group	Number of residential care places (excluding isolated beds)			Classification under the EBPS
			Under the EBPS and Contract Home	For individual customers not under the EBPS and Contract Home	Total	
Kato Home for the Elderly (“ Kato Elderly Home ”)	Tuen Mun	1999	126	54	180	EA1 ⁽¹⁾
Kato Home for the Aged	Tuen Mun	1998	86	17	103	EA1 ⁽¹⁾⁽³⁾
Fai-To Home for the Aged (On Lai) Branch (“ Fai To Home (On Lai) ”)	Tuen Mun	1997	28	19	47	EA1 ⁽¹⁾⁽³⁾
Fai To Home for the Aged (Tuen Mun) Branch (“ Fai To Home (Tuen Mun) ”)	Tuen Mun	1995	47	43	90	EA2 ⁽²⁾⁽⁴⁾
Fai To Sino West Combined Home for the Aged (“ Fai To Sino West Home ”)	To Kwa Wan	2000	143	151	294	EA1 ⁽¹⁾
Happy Luck Elderly Home Limited (“ Happy Luck Home ”)	Tsuen Wan	2015	75	71	146	EA1 ⁽¹⁾
Tsuen Wan Elderly Centre Limited (“ Tsuen Wan Centre ”)	Tsuen Wan	2008	79	71	150	EA1 ⁽¹⁾
Pine Villa	Tseung Kwan O	2013	N/A	90	90	N/A
Ka Shui Garden Nursing Home for the Elderly (“ KSG Nursing Home ”)	Sham Shui Po	2023	80	20	100	N/A
Hing Tin Elderly Centre (“ Hing Tin Centre ”)	Lam Tin	2024	N/A	76	76	N/A
Ka Shui Garden Nursing Home for the Elderly (Tak Tin) (“ KSG Tak Tin ”)	Lam Tin	2024	42	60	102	N/A
			<u>706</u>	<u>672</u>	<u>1,378</u>	

Notes:

1. Being one of the two categories under the EBPS. EA1 homes have higher requirements in terms of staffing and per capita net floor space as compared to EA2 homes. As required under the EBPS, the staffing requirement for an EA1 homes with 40 places is 21.5, calculated on the basis of eight working hours per staff per day including relief staff and its per capita net floor area is 9.5 m².
2. Being one of the two categories under the EBPS. EA2 homes have lower requirements in terms of staffing and per capita net floor area as compared to EA1 homes. As required under the EBPS, the staffing requirement for an EA2 homes with 40 places is 19, calculated on the basis of eight working hours per staff per day, including relief staff, and its per capita floor net area is 8 m².
3. Fai To Home (On Lai) and Kato Home for the Aged upgraded to EA1 in August 2024 and September 2024 respectively.
4. Fai To Home (Tuen Mun) subsequently upgraded to EA1 in May 2025.

The following table sets forth the average monthly occupancy rate of each respective care and attention homes as at 31 March 2025 and 2024:

	Average monthly occupancy rate^(Note) as at 31 March	
	2025	2024
	%	%
Kato Elderly Home	97.5	96.0
Kato Home for the Aged	90.0	83.9
Fai To Home (On Lai)	91.5	75.1
Fai To Home (Tuen Mun)	83.8	89.6
Fai To Sino West Home	94.5	84.4
Happy Luck Home	92.9	85.4
Tsuen Wan Centre	84.2	81.1
Pine Villa	98.7	97.1
KSG Nursing Home	90.3	92.9
Hing Tin Centre	74.5	N/A
KSG Tak Tin	96.4	N/A
	<hr/>	<hr/>
Overall	<u>91.5</u>	<u>87.3</u>

Note:

The monthly occupancy rate is calculated by dividing the number of beds occupied as at the month end by the total number of beds available at each of our care and attention homes as at the relevant month end. The average monthly occupancy rate for the year is calculated by dividing the sum of the monthly occupancy rates by the total number of months in that year.

Community care and day care services for the elderly

(i) *Home-based and centre-based services*

Since May 2020, the Group has expanded its scope to community care by offering home-based services under the pilot scheme on Community Care Service Voucher (the “CCSV”) for the elderly launched by the SWD, which aim to help families in need of home care services while relieving their financial and caregiving pressures, including hospital outpatient and discharge escort, caregiver training, home safety assessment, physiotherapy, nursing support, etc.

As at 31 March 2025 and 2024, Fai To Sino West Home, Ka Shui Garden Day Care Centre (Hung Hom), Ka Shui Garden Day Care Centre (Tsuen Wan), Kato Elderly Home and Pine Villa are the recognised service providers under the pilot scheme on CCSV, covering four (2024: five) contract homes, with a total capacity of centre-based services of 100 (2024: 120) places and home-based services of 800 (2024: 1,000) voucher holders.

(ii) *Day care service*

Day-care centres for elderly provide on-site elderly care services during daytime, which generally exclude overnight care services. To extend the Group’s reach to non-residents, since May 2020, the Group has commenced providing day care services to elderly, covering a range of centre-based care and support services during daytime to enable the day care service users who suffer from moderate to severe level of impairment to achieve optimal level of functioning, develop their potential, improve their quality of life, and continue to live in their own homes wherever feasible and possible. As at 31 March 2025 and 2024, two of the Group’s care and attention homes for the elderly were entitled to offer day care services with a total of 30 subsidised day care places pursuant to the Bought Place Scheme Day Care Units for the Elderly (the “BPS”).

Medical and laboratory services

The Group tapped into medical diagnostic and imaging and health check markets in Hong Kong in 2022. The Group provide versatile healthcare services, including but not limited to general physical examinations, X-ray, ECG, mammography, ultrasound, DEXA Bone Densitometry and various laboratory tests. As at 31 March 2025, the Group had three (2024: four) medical and health check-up centres located across three (2024: four) districts in Hong Kong.

FINANCIAL REVIEW

Revenue

The Group's revenue was principally generated from the provision of residential care services and day care services for the elderly in Hong Kong. The Group's revenue was derived from (i) rendering of elderly home care services; (ii) sales of elderly home related goods; (iii) rental and management fee income; (iv) rendering of elderly community care services; and (v) rendering of medical and laboratory services. The following table sets forth the breakdown of revenue for the Group's revenues by types of services for the year ended 31 March 2025 (the "Year") and the year ended 31 March 2024 (the "Previous Year"):

	2025		2024	
	HK\$'000	%	HK\$'000	%
Rendering of elderly home care services				
— residential care places purchased by the SWD under the EBPS and the Contract Home	131,465	41.5	120,451	44.4
— residential care places purchased by individual customers	101,497	32.0	80,213	29.6
Sales of elderly home related goods	<u>51,165</u>	<u>16.1</u>	<u>43,278</u>	<u>16.0</u>
	284,127	89.6	243,942	90.0
Rental and management fee income	13,466	4.2	8,104	2.9
Rendering of elderly community care services	11,028	3.5	8,956	3.3
Rendering of medical and laboratory services	<u>8,493</u>	<u>2.7</u>	<u>10,332</u>	<u>3.8</u>
Total	<u><u>317,114</u></u>	<u><u>100.0</u></u>	<u><u>271,334</u></u>	<u><u>100.0</u></u>

The total revenue of the Group increased by approximately HK\$45.8 million or 16.9% from approximately HK\$271.3 million for the Previous Year to approximately HK\$317.1 million for the Year, which was mainly due to (i) increase in revenue from rendering of elderly home care services as two new care and attention homes located in Lam Tin commenced operation during the Year; and (ii) increase in rental and management fee income as the Group completed acquisition of the properties located at Tsuen Wan in February 2024 and rented to an independent third party for operation of an elderly home since then.

Revenue generated from provision of elderly home care services mainly represent (i) the rendering of elderly home care services (such as residence, professional nursing and caretaking services, nutritional management, medical services, psychological and social care and individual care plans); and (ii) sales of elderly home related goods which include the sale of diapers, nutritional milk, wipes, and blood glucose test strips to our residents on an as-needed basis. The revenue from provision of elderly home care services increased from approximately HK\$243.9 million in the Previous Year to approximately HK\$284.1 million for the Year mainly due to (i) commencement of operation for two care and attention home located in Lam Tin with 178 residential care places during the Year; and (ii) the increase in average monthly occupancy rate.

To address the increasing attention to health and prevention by the consumers, in 2022, the Group ventured into new business opportunities into medical diagnostic and imaging and health check market through provision of a variety of services including but not limited to physical examinations, laboratory analysis, X-ray, ECG, ultrasound, etc. Revenue generated from provision of medical and laboratory services amounted to HK\$8.5 million for the Year (Previous Year: HK\$10.3 million).

Employee benefit expenses

Employee benefit expenses comprised of wages and salaries, retirement benefit scheme contributions, staff welfare and benefits, directors' remunerations, provision for long service payments and share-based payment expense. The employee benefits expenses increased from approximately HK\$107.7 million for the Previous Year to approximately HK\$133.8 million for the Year, which was mainly due to the (i) increase in number of staff due to commencement of operation for two care and attention homes located in Lam Tin with 178 residential care places during the Year; and (ii) general salaries increment for staff.

Food and beverage costs

Food and beverage costs are food ingredients and beverages costs used for the provision of meals to the residents. Food and beverage costs increased from approximately HK\$11.6 million for Previous Year to approximately HK\$13.8 million for the Year due to (i) commencement of operation for two care and attention homes located in Lam Tin during the Year; and (ii) increase in average monthly occupancy rate.

Subcontracting fees, net

Subcontracting fees, net mainly represents fees paid to occupational therapists, occupational therapist assistants, physiotherapists and physiotherapist assistants, offset by government subsidies. The increase in subcontracting fees from HK\$6.0 million for the Previous Year to HK\$9.8 million for the Year was mainly attributed by the commencement of operation for two care and attention homes located in Lam Tin during the Year.

Finance costs, net

Finance costs, net mainly represented interest expenses on bank borrowings and lease liabilities. The finance costs increased by HK\$6.3 million from HK\$8.4 million for the Previous Year to HK\$14.7 million for the Year was mainly due to the increase in average borrowings during the Year.

Fair value change on investment properties

As at 31 March 2025, the Group's investment properties mainly comprise commercial complex, retail shops, fresh market stalls, cooked food stalls, storerooms and car park spaces in Lam Tin and are leased to third parties under operating leases for rental income. The investment properties were revalued based on valuations performed by an independent professionally qualified valuer. The Group recorded a fair value loss on investment properties amounted to HK\$23.3 million for the Year (Previous Year: gain of HK\$18.6 million).

Profit for the Year

As a result of the foregoing, profit for the Year decreased by approximately 67.0% to approximately HK\$21.1 million for the Year as compared to HK\$64.1 million for the Previous Year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's net assets increased to approximately HK\$442.2 million as at 31 March 2025 (2024: approximately HK\$434.5 million). Such increase was mainly the result of the operating profits during the Year. As at 31 March 2025, the Group's net current assets was approximately HK\$2.6 million (2024: approximately HK\$7.0 million), including cash and cash equivalents of approximately HK\$51.1 million (2024: approximately HK\$37.4 million) which were denominated in Hong Kong Dollar.

The current ratio, which is calculated as the total current assets divided by the total current liabilities, was approximately 1.0 times as at 31 March 2025 (2024: approximately 1.1 times).

The Group has established a treasury policy with the objective of lowering cost of funds. Therefore, funding for all its operations have been centrally reviewed and monitored at the Group level. To manage the Group's exposure to fluctuations in interest rates, appropriate funding policies will be applied, including the use of bank borrowings or placing of new shares. The management will continue its efforts to obtain the most privileged rates and favourable terms available to the Group for its financing.

The Group monitors its capital on the basis of the gearing ratio, which is expressed as a percentage of net debt divided by total capital. Net debt is calculated as the sum of bank borrowing and lease liabilities less the sum of short-term bank deposits, restricted bank deposits and cash and cash equivalents. Total capital represents total equity as shown on the consolidated statement of financial position of the Group.

The gearing ratio as at 31 March 2025 and 2024 were as follows:

	2025 HK\$'000	2024 HK\$'000
Bank borrowings	207,771	234,314
Lease liabilities	125,189	149,989
	332,960	384,303
Less: Short-term bank deposits	(1,600)	(30,100)
Restricted bank deposits	(10,895)	(10,491)
Cash and cash equivalents	(51,057)	(37,420)
	(63,552)	(78,011)
Net debt	269,408	306,292
Total capital	442,228	434,527
Gearing ratio	60.9%	70.5%

As at 31 March 2025, the gearing ratio of the Group decreased to 60.9% (2024: 70.5%) due to repayments of in bank borrowings during the year.

As at 31 March 2025, bank borrowings of the Group bore floating interest rates and denominated in HK\$. The maturity profile of bank borrowings of the Group are set out as follows:

	<i>HK\$'000</i>
Within 1 year	28,100
More than 1 year but less than 2 years	21,373
More than 2 years but less than 5 years	50,037
More than 5 years	108,261
	<hr/>
	207,771
	<hr/> <hr/>

COMMITMENTS

As at 31 March 2025, the Group had capital commitments for property and equipment, amounting to approximately HK\$7.4 million (2024: HK\$13.9 million) after netting off the prepayment for the purchase of property and equipment.

INVESTMENT PROPERTIES

As at 31 March 2025, the Group's investment properties comprise commercial complex, retail shops, fresh market stalls, cooked food stalls, storerooms and car park spaces in Lam Tin and Tsuen Wan and are leased to third parties under operating leases for rental income. As at 31 March 2025, the Group's investment properties amounted to HK\$344.8 million (2024: HK\$368.1 million) and were revalued based on valuations performed by an independent professionally qualified valuer.

SIGNIFICANT INVESTMENTS

As at 31 March 2025 and 2024, the Group did not hold any significant investment, with a value of over 5% of the total assets of the Group.

MATERIAL ACQUISITIONS OR DISPOSAL OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

On 16 December 2024, the Group and Ms. Kwok Hoi Yin and Ms. Lee Tao Ying (the “**Vendors**”) entered into the Sale and Purchase Agreement, pursuant to which the Group conditionally agreed to acquire and the Vendors agreed to dispose of the entire issued share capital of Hong Tak Home For The Elderly (Tsuen Wan) Limited (康德護老院(荃灣)有限公司) (the “**Target Company**”), together with the business license for operating the elderly residential care home, at a consideration of HK\$2,000,000. The Target Company owned and managed the operation of an elderly residential care home in Tsuen Wan. The acquisition was completed in April 2025. The Group has commenced carrying out the alteration and addition works on the premises so as to establish a new care and attention home with approximately 192 residential care places. The new care and attention home is expected to commence operation in the fourth quarter of 2025.

For further details, please refer to the announcement of the Company dated 16 December 2024.

Save as disclosed above and elsewhere in this announcement, the Group did not conduct any material acquisition or disposal of subsidiaries, associates and joint ventures during the Year.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

In July 2021, the Group completed acquisition of four parcels of land in Yuen Long for establishment of a new care and attention home with approximately 250 residential care places. Such new care and attention home is expected to commence operation in late 2026.

Save as disclosed above and elsewhere in this announcement, the Group does not have any plans for material investments and capital assets acquisitions for the coming 12 months.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2025 and 2024.

FOREIGN EXCHANGE EXPOSURE

The Group solely operates in Hong Kong and the majority of the Group’s transactions and the Group’s cash and cash equivalents are denominated in HK\$. The Group is not exposed to foreign currency risk on transaction that is in a currency other than the respective functional currency of the Group entities. The Group did not resort to any foreign currency hedging facilities during the Year but the management will continuously monitor foreign exchange exposure and will consider hedging significant foreign currency exposure where appropriate.

PLEDGE OF ASSETS

As at 31 March 2025, investment properties, property and equipment and right-of-use assets with an aggregate carrying amount of approximately HK\$447.0 million (2024: HK\$455.1 million) and restricted bank deposit of approximately HK\$10.9 million (2024: HK\$10.5 million) were pledged to secure banking facilities granted to the Group. Save for the above, the Group had no other pledge of assets as at 31 March 2025 and 2024.

EMPLOYEES AND REMUNERATION POLICIES

The total number of full-time and part-time employees were 585 and 469 as at 31 March 2025 and 2024, respectively. The Group's employee benefit expenses mainly includes salaries, discretionary bonuses, medical insurance coverage, staff quarter, other staff benefits and contributions to retirement schemes. Share options are granted to certain Directors and other eligible employees of the Group to reward their contributions under the share option scheme of the Company. During the Year, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK\$133.8 million (Previous Year: approximately HK\$107.7 million).

Remuneration is determined generally with reference to the qualification, experience and work performance of the relevant employee, whereas the payment of discretionary bonus is generally subject to work performance of the relevant employee, the financial performance of the Group and general market conditions.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and that the risks of non-compliance with such requirements. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Group has complied with all relevant laws and regulations in Hong Kong in all material respects during the Year.

Save as disclosed on page 33 under the headline of "DIRECTORS' SECURITIES TRANSACTIONS" of this announcement, the Group complies with the requirements under the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) for the disclosure of information and corporate governance.

ENVIRONMENTAL POLICY

The Group recognises its responsibility to protect the environment from its business activities. The Group continually seeks to identify and manage environmental impacts.

RELATIONSHIPS WITH STAKEHOLDERS

The Group recognises employees as valuable assets of the Group. In order to motivate employees, the Group provides reasonable remuneration package, implements periodic appraisal system and provide on-going trainings to our employees.

The Group treasures the long-term relationships developed with its customers and suppliers. The Group put emphasis on efficient communication, response and feedback actions, which are crucial for building stable relationships with business partners.

The Group values relationships with its stakeholders. The Group maintains an ongoing dialogue with its stakeholders, employees and customers through general meetings, regular performance reviews, appraisals and interview sessions so as to facilitate efficient communication and collective constructive feedback. Such feedback is considered essential in the decision-making process of the Group's daily operation from improving its business performance to bringing insights for future development.

PROSPECTS

According to Hong Kong population projections for 2022–2046 released by the Census and Statistics Department, the number of elderly persons in Hong Kong is projected to increase from 1.45 million in 2021 to 2.74 million, over a third of the total number of people in the city, by 2046. This is partly as a result of the unique demographic challenges that Hong Kong faces. It has the highest life expectancy in the world, with women living on average to 87.9 years old and men 82.5 years old, while its birth rate plummeted to 4.4 per 1,000 population in 2023, which invariably leads to escalating demand on residential care home services among older adults.

Our principal business objectives are to solidify our established market position in the private RCHE industry in Hong Kong and enhance our market position in the care and attention homes sector. Also, the Group will continue to participate in various community care related programmes for the provision of accessible, comprehensive, co-ordinated and person-centred care services to the community.

As reflected in the Company's motto: "Quality Service; Respecting and Positive; People-oriented; and Full Dedication (優質服務，敬老樂業，以人為本，全身投入)", the Group is committed to providing quality residential care home services to our residents. As part of our continuing effort to maintain a high quality of our services, the Group has implemented standardised management and operational procedures and quality controls across our network of care and attention homes for the elderly. With the Group's experienced management team and reputation in the market, the Group will continue to expand its network of RCHE in strategic locations in Hong Kong to serve more elderly residents when there are suitable opportunities.

In June 2024, a new care and attention home located in Lam Tin with 76 residential care places under first phase commenced operation, second phase with approximately 146 residential care places is expected to commence operation in June 2025. Also, another new care and attention home located in Lam Tin with 102 residential care places commenced operation in September 2024. In April 2025, the Group completed the acquisition of a target company, together with the business license for operating the elderly residential care home, the Group is carrying out the alteration and addition works on the premises for establishment a new care and attention home located in Tsuen Wan with 192 residential care places and expected to commence operation in the fourth quarter of 2025.

Having considered the surge in available properties in the market and significant decrease in property prices, the Group completed the acquisition of four pieces of lands in Yuen Long in July 2021 for establishment of a new care and attention home, which is anticipated to provide approximately 250 residential care places and expected to commence operation in late 2026.

During the Year, the Group became a Recognised Service Provider under the Residential Care Services Scheme in Guangdong (“**GDRCS Scheme**”) and started to provide subsidised care and attention places for elderly persons joining the scheme. GDRCS Scheme provides an option for elderly persons on the Central Waiting List for subsidised care and attention places to choose to live in the residential care homes for the elderly in Guangdong designated under the Scheme. Two residential care homes for the elderly operated under a partnership formed by the Group and Mainland elderly service operators, located in Shenzhen and Foshan commenced operation during the Year.

The Group is confident for its sustainable growth and believes that its management team with extensive industry experience and its agile operations team are able to adapt to the rapid changes of the demand from the community and adjust the business strategy in accordance with market trends.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s shares during the Year (including sale of treasury shares). As of the end of the Year, no treasury shares were held by the Company.

DIVIDEND

The Board has recommended the declaration of a final dividend of HK2.0 cents per share for the Year (Previous Year: HK2.0 cents per share) to the shareholders of the Company (the “**Shareholders**”). The proposed final dividend, subject to the approval of the Shareholders, is expected to be paid on Wednesday, 17 September 2025 to the Shareholders whose names appear on the register of members of the Company on Monday, 8 September 2025.

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 September 2024 (for the six months ended 30 September 2023: HK1.0 cents per share paid on 5 January 2024).

THE FORTHCOMING ANNUAL GENERAL MEETING

An annual general meeting (the “**AGM**”) will be held on Friday, 29 August 2025 and a circular containing the details of the AGM and the notice of the AGM and form of proxy will be published and despatched to the Shareholders in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining members entitlement to attend and vote at the AGM of the Company to be held on Friday, 29 August 2025, the register of members of the Company will be closed from Tuesday, 26 August 2025 to Friday, 29 August 2025, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer of the shares accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong not later than 4:00 p.m. on Monday, 25 August 2025.

For determining members entitlement to the proposed final dividend (subject to approval by the Shareholders at the AGM), the register of members of the Company will be closed from Friday, 5 September 2025 to Monday, 8 September 2025, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong not later than 4:00 p.m. on Thursday, 4 September 2025.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix C3 to the Listing Rules. In response to the specific enquiry made by the Company, all Directors except Mr. Ngai Shi Shing Godfrey (“**Mr. Ngai**”), have confirmed that they have complied with the Model Code during the Year.

Due to the last-minute delay of the publication of the annual results announcement for the Previous Year, which was originally scheduled to be published at night on 25 June 2024 but was only published in the morning of 26 June 2024, Mr. Ngai’s broker purchased 4,152,000 shares of the Company on 26 June 2024, which constituted an unintentional and technical non-compliance with Rule A.3(a)(i) of the Model Code. Mr. Ngai had complied with the notification requirements under Rule B.8 of the Model Code. The Stock Exchange has subsequently issued a guidance letter to Mr. Ngai regarding such non-compliance.

SHARE OPTION SCHEME

The Share Option Scheme was conditionally approved and adopted in compliance with Chapter 17 of the Listing Rules by written resolutions of all the Shareholders passed on 20 May 2019.

Movements in the outstanding share options granted under the Share Option Scheme during the Year are set out below:

Date of Grant (dd/mm/yyyy)	Name of Grantees	Position/Capacity	Number of Shares over which Share Options are Exercisable					Exercise Price Per Share (Note 1)	Vested Date (dd/mm/yyyy)	Expiry Date (dd/mm/yyyy)	
			Balance as at 1 April 2024	Granted during the Year	Exercised during the Year	Lapsed during the Year	Cancelled/ Forfeited during the Year				Balance as at 31 March 2025
22/03/2022	Mr. Ngai	Chairman of the Board, executive Director, chief executive officer and controlling Shareholder	10,000,000	—	—	—	—	10,000,000	HK\$0.6	22/03/2025	22/03/2032
22/03/2022	Ms. Ngai Ka Yee	Executive Director and controlling Shareholder	10,000,000	—	—	—	—	10,000,000	HK\$0.6	22/03/2025	22/03/2032
22/03/2022		Other eligible employees	40,000,000	—	—	—	—	40,000,000	HK\$0.6	22/03/2025	22/03/2032
			60,000,000	—	—	—	—	60,000,000			

Note:

- (1) The closing price of the Shares immediately before the date on which the share options were granted (i.e. 22 March 2022) was HK\$0.6 per Share.

During the Year, no share option was granted, exercised, lapsed, cancelled or forfeited under the Share Option Scheme, and as at 31 March 2025, 60,000,000 share options were granted to the Directors and other eligible employees.

As of 31 March 2025, the total number of options available for grant at the beginning and the end of the Year under the Share Option Scheme was 40,000,000 shares, representing 4.0% of the total number of issued shares of the Company. There is no service provider sublimit set under the Share Option Scheme; and no share options were issued to service providers under Rule 17.03(3) of the Listing Rules. The number of Shares that may be issued in respect of options granted under the Share Option Scheme during the Year were 60,000,000. The weighted average number of shares for the Year were 1,000,000,000. The number of shares that may be issued in respect of options granted under the Share Option Scheme during the Year divided by the weighted average number of Shares in issue for the Year was 0.06.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board has adopted the principles and the code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Part 2 of Appendix C1 to the Listing Rules to ensure that the Company’s business activities and decision making processes are regulated in a proper and prudent manner. The Company is committed to maintain high standards of corporate governance to safeguard interest of the Shareholders and ensure the quality of the constitution of the Board and transparency and accountability to the Shareholders. Save as disclosed below, the Company complied with all the code provisions in the CG Code during the Year.

Mr. Ngai is the chief executive officer of the Company and was appointed as the chairman of the Board on 15 October 2020. Although this deviates from the practice under code provision C.2.1 of the CG Code, where it provides that these two positions should be held by two different individuals, as Mr. Ngai has considerable experience in the enterprise operation and management of the Company, the Board believes that it is in the best interests of the Company and the Shareholders as a whole to have Mr. Ngai as chairman of the Board so that it can benefit from his experience and capability in leading the Board in the long-term development of the Company and for more effective planning and execution of business strategies. As all major decisions are made in consultation with the members of the Board, and there are three independent non-executive Directors on the Board offering independent perspectives, the Board believes that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The audit committee of the Company (the “**Audit Committee**”) has reviewed the accounting policies adopted by the Group and the consolidated financial statements for the Year. The Audit Committee is satisfied that the audited consolidated financial statements of the Group for the Year were prepared in accordance with the applicable accounting standards and fairly present the Group’s financial position and results for the Year.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the Year as set out in this announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the Year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on this announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the Company’s website at www.elderlyhk.com and the website of the Stock Exchange at www.hkexnews.hk. The annual report of the Company for the Year containing all the information required under the Listing Rules will be published on the aforesaid websites of the Company and the Stock Exchange and will be despatched to the Shareholders in due course.

By order of the Board
Kato (Hong Kong) Holdings Limited
Ngai Shi Shing, Godfrey
Chairman and executive Director

Hong Kong, 23 June 2025

As at the date of this announcement, the executive Directors are Ms. Ngai Ka Yee, Mr. Ngai Shi Shing Godfrey and Mr. Lau Kwok Wo; and the independent non-executive Directors are Mr. Or Kevin, Ms. Wu Wing Fong and Mr. Wong Chun Kit.