Boill Healthcare Holdings Limited
保集健康控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1246)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2020

The Board of directors (the "**Board**", or the "**Director(s)**") of Boill Healthcare Holdings Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2020, together with the comparative figures for the previous corresponding year and the relevant explanatory notes, as set out below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	**2020** ***HK$'000***	2019 *HK$'000*
Revenue	*5*	**106,352**	419,762
Cost of sales		**(95,563)**	(430,208)
Gross profit/(loss)		**10,789**	(10,446)
Other income and gains or (losses), net	*6*	**(53,714)**	(15,212)
Selling and distribution expenses		**(7,068)**	(12,718)
Administrative and other expenses		**(49,912)**	(80,006)
Impairment loss on property, plant and equipment		**(12,779)**	–
Fair value loss on equity investments, net	*7*	**(2,960)**	(8,725)
Share of result from an associate		**(3,599)**	(14,661)
Finance costs	*8*	**(83,676)**	(84,085)
LOSS BEFORE TAX	*9*	**(202,919)**	(225,853)
Income tax (expense)/credit	*11*	**(20,875)**	1,986
LOSS FOR THE YEAR		**(223,794)**	(223,867)

	Note	**2020**	2019
		HK$'000	*HK$'000*
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss in the subsequent periods:			
Exchange differences arising on translation to presentation currency		**(57,972)**	(100,853)
Share of other comprehensive income of an associate		**(1,354)**	(6,210)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(59,326)**	(107,063)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(283,120)**	(330,930)
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**(189,432)**	(200,114)
Non-controlling interests		**(34,362)**	(23,753)
		(223,794)	(223,867)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Company		**(230,093)**	(275,210)
Non-controlling interests		**(53,027)**	(55,720)
		(283,120)	(330,930)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	*13*	**HK2.09 cents**	HK2.21 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	31 March 2020 HK$'000	31 March 2019 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**488,810**	365,929
Investment properties		**1,465,424**	1,769,918
Interest in an associate		**17,270**	22,223
Prepayments, deposits and other receivables		–	74,838
Equity instruments at fair value through profit or loss		–	168
Total non-current assets		**1,971,504**	2,233,076
CURRENT ASSETS			
Completed properties held for sale		**27,154**	115,524
Trade receivables	*14*	**176**	20,366
Contract assets	*16*	**2,049**	3,930
Prepayments, deposits and other receivables		**83,680**	119,873
Equity instruments at fair value through profit or loss		**3,252**	6,136
Due from a related company		**206**	–
Tax recoverable		–	2,511
Restricted cash		**730**	8,632
Cash and cash equivalents		**94,926**	62,106
Total current assets		**212,173**	339,078
CURRENT LIABILITIES			
Trade payables	*15*	**1,330**	40,404
Contract liabilities	*16*	**26,392**	42,315
Other payables and accruals		**66,390**	220,040
Due to related companies		**252,606**	159,206
Due to a director		**253**	270
Interest-bearing bank and other borrowings		**725,855**	805,501
Tax payables		**1,024**	10,122
Total current liabilities		**1,073,850**	1,277,858
NET CURRENT LIABILITIES		**(861,677)**	(938,780)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,109,827**	1,294,296

	Note	31 March 2020 HK$'000	31 March 2019 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**212,083**	87,701
Provision for long service payments		**–**	376
Deferred tax liabilities		**3,935**	14,663
Total non-current liabilities		**216,018**	102,740
Net assets		**893,809**	1,191,556
EQUITY			
Equity attributable to owners of the Company			
Share capital	*17*	**226,850**	226,850
Reserves		**180,357**	410,450
		407,207	637,300
Non-controlling interests		**486,602**	554,256
Total equity		**893,809**	1,191,556

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Boill Healthcare Holdings Limited (the "**Company**") is a limited liability company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The registered address of the Company is located at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is located at Unit 3704, 37/F, Shun Tak Centre West Tower, 168–200 Connaught Road, Central, Sheung Wan, Hong Kong.

2. GOING CONCERN BASIS

The consolidated financial statements have been prepared under historical cost basis, except for investment properties and financial instruments at fair value through profit or loss, which is measured at fair value as explained in the accounting policies set out below.

During the year, the Group has incurred a loss of HK$223,794,000 and at the end of reporting period, its current liabilities exceeded its current assets by HK$861,677,000. Furthermore, the Group had amount due to related parties of approximately HK$252,606,000 and bank and other borrowings of approximately HK$725,855,000 that are repayable on demand and are due for repayment within one year from 31 March 2020 respectively. In January 2020, the COVID-19 pandemic has temporarily stopped the business activities of the Group, in particular the healthcare holiday resort development and operation which only generated revenue since November 2019. These events or conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In the opinion of the Directors, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future, based on the cash flow projections of the Group covering a period up to 30 June 2021 (the "**Forecasted Period**") after taking into the following considerations:

(i) Obtained in June 2019 a loan credit facility (the "**Facility**") from a related party and the substantial shareholder of the Company of RMB900,000,000. The Facility is unsecured, interest bearing of 5% per annum and repayable within a period of twenty-four months from drawdown date of loans under the Facility. Together with another credit facility obtained in March 2020 with an unutilised amount of RMB341,000,000 (approximately HK$372,785,000) as at the date of authorisation for issue of these consolidated financial statements, these available facilities would be used to settle the aforesaid bank and other borrowings; and

(ii) Restarted the selling of the completed properties held for sale located in the PRC and leasing of the investment properties located in Shanghai and estimated revenue based on actual performance since the outbreak of the COVID-19 and its future possible development as well as the expected business development over the Forecasted Period.

Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the value of assets to their net realisable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effect of these adjustments has not been reflected in these financial statements.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(a) Adoption of new/revised HKFRSs – effective on 1 April 2019

The Hong Kong Institute of Certified Public Accountants has issued a number of new or amended Hong Kong Financial Reporting Standards ("**HKFRS**") that are first effective for the current accounting period of the Group:

- HKFRS 16, Leases
- HK(IFRIC)-Int 23, Uncertainty over Income Tax Treatments
- Amendments to HKFRS 9, Prepayment Features and Negative Compensation
- Amendments to HKAS 19, Plan Amendment, Curtailment or Settlement
- Amendments to HKAS 28, Long-term Interests in Associates and Joint Ventures
- Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23 included in Annual Improvements to HKFRSs 2015–2017 Cycle

The impact of the adoption of HKFRS 16 Leases ("**HKFRS 16**") have been summarised in below. The other new or amended HKFRSs that are effective from 1 April 2019 did not have any significant impact on the Group's accounting policies.

(i) Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases ("**HKAS 17**"), HK(IFRIC)-Int 4 Determining whether an arrangement contains a Lease ("**HK(IFRIC)-Int 4**"), HK(SIC)-Int 15 Operating Leases-Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee's perspective, almost all leases are recognised in the statement of financial position as right-of-use assets and lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, refer to section (ii) to (v) of this note.

The Group has applied HKFRS 16 using the modified retrospective approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of accumulated losses at the date of initial application. The comparative information presented in 2019 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 at the end of 31 March 2019 could be reconciled to the lease liabilities at the date of initial application recognised in the statement of financial position as at 1 April 2019:

Reconciliation of operating lease commitments to lease liabilities	*HK$*
Operating lease commitments as of 31 March 2019	1,444
Less: short term leases for which lease terms ended within 31 March 2020	(1,444)
Total lease liabilities as of 1 April 2019	–

(ii) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate non-lease components and account for all each lease component and any associated non-lease components as a single lease component for all leases.

(iii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-of-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of an investment property, they are carried at fair value.

For the Group's leasehold land and buildings that were held for rental or capital appreciation purpose would continue to be accounted for under HKAS 40 Investment Properties ("**HKAS 40"**) and would be carried at fair value. The adoption of HKFRS 16 therefore does not have any significant impact on these right-of-use assets.

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

(iv) Accounting as a lessor

The Group has leased out its investment properties to a number of tenants. As the accounting under HKFRS 16 for a lessor is substantially unchanged from the requirements under HKAS 17, the adoption of HKFRS 16 does not have significant impact on these financial statements.

(v) Transition

As mentioned above, the Group has applied HKFRS 16 using the modified retrospective approach and recognised the right-of-use assets at the amount equal to the lease liability, adjusted by amount of any pre-paid or accrued lease payments relating to that lease recognised in the consolidated statements of financial position immediately before 1 April 2019. The comparative information presented in 2019 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has also applied the follow practical expedients: (i) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (1 April 2019) and accounted for those leases as short-term leases; and (ii) relied on the previous assessment for onerous contract provision as at 31 March 2019 as an alternative to performing an impairment assessment when measuring the right-of-use assets at the date of initial application of HKFRS 16.

In addition, the Group has applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int4.

HK(IFRIC)-Int 23 – Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

Amendments to HKFRS 9 – Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

Amendments to HKAS 19 – Plan amendments, curtailment or settlement

The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company should use updated actuarial assumptions to determine its current service cost and net interest for the period. Additionally, the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income.

Amendments to HKAS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that HKFRS 9 applies to long-term interests ("**LTI**") in associates or joint ventures which form part of the net investment in the associates or joint ventures and stipulates that HKFRS 9 is applied to these LTI before the impairment losses guidance within HKAS 28.

Annual Improvements to HKFRSs 2015–2017 Cycle – Amendments to HKFRS 3, Business Combinations

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 3 which clarifies that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition date fair value.

Annual Improvements to HKFRSs 2015–2017 Cycle – Amendments to HKFRS 11, Joint Arrangements

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 11 which clarify that when a party that participates in, but does not have joint control of, a joint operation which is a business and subsequently obtains joint control of the joint operation, the previously held equity interest should not be remeasured to its acquisition date fair value.

Annual Improvements to HKFRSs 2015–2017 Cycle – Amendments to HKAS 12, Income Taxes

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

Annual Improvements to HKFRSs 2015–2017 Cycle – Amendments to HKAS 23, Borrowing Costs

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 23 which clarifies that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 3	Definition of a Business[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendment to HKFRS 16	COVID-19 Related Rent Concessions[3]

1 Effective for annual periods beginning on or after 1 January 2020

2 The amendments were originally intended to be effective for periods beginning on or after 1 January 2018. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

3 Effective for annual periods beginning on or after 1 June 2020

Amendments to HKFRS 3 – Definition of a Business

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a "substantive process".

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of "outputs" and a "business" to focus on returns from selling goods and services to customers, rather than on cost reductions.

An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to HKAS 1 and HKAS 8 – Definition of Material

The amendments clarify the definition and explanation of "material", aligning the definition across all HKFRS Standards and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 – Interest Rate Benchmark Reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

Amendment to HKFRS 16 COVID-19-Related Rent Concessions

The amendment is issued in June 2020 and is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including interim or annual financial statements not authorised for issue as at 4 June 2020, the date the amendment was issued.

The amendment introduces a new practical expedient for lessees to elect not to assess whether COVID-19-related rent concessions is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of COVID-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

- there is no substantive change to other terms and conditions of the lease.

A lease applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes were not lease modifications. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

4. OPERATING SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions. The Group reportable segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

(a) Property development: sale of properties and provision of property management services;

(b) Healthcare holiday resort development and operation: sales of properties, rental income, provision of elderly home care, healthcare and leisure services;

(c) Foundation piling: contracts for foundation piling business; and

(d) Securities investment: trading and investment in securities.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's loss before tax except that interest income, share of result of an associate, finance costs as well as head office and corporate income and expenses are excluded from such measurement.

Segment assets exclude interest in an associate, due from a related company, tax recoverable and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude due to related companies, interest-bearing bank and other borrowings, tax payables, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Year ended 31 March 2020

	Property development *HK$'000*	**Healthcare holiday resort development and operation** *HK$'000*	**Foundation piling** *HK$'000*	**Securities investment** *HK$'000*	**Total** *HK$'000*
Segment revenue					
Revenue from external customers	**97,325**	**2,883**	**6,144**	**–**	**106,352**
Segment results	**(16,357)**	**(102,925)**	**(579)**	**887**	**(118,974)**
Interest income					**6,070**
Share of result from an associate					**(3,599)**
Finance costs					**(83,676)**
Corporate and other unallocated expenses, net *(Note)*					**(2,740)**
Loss before tax					**(202,919)**

Note: Corporate and other unallocated expenses mainly includes Directors' remuneration, consultancy fee and legal and professional fee.

	Property development HK$'000	Healthcare holiday resort development and operation HK$'000	Foundation piling HK$'000	Securities investment HK$'000	Total HK$'000
Segment assets	**165,178**	**1,954,090**	**10,312**	**4,753**	**2,134,333**
Reconciliation:					
Interest in an associate					**17,270**
Due from a related company					**206**
Corporate and other unallocated assets *(Note)*					**31,868**
Total assets					**2,183,677**
Segment liabilities	**22,702**	**68,632**	**891**	**1,887**	**94,112**
Reconciliation:					
Due to related companies					**252,606**
Interest-bearing bank and other borrowings					**937,938**
Tax payables					**1,024**
Deferred tax liabilities					**3,935**
Corporate and other unallocated liabilities					**253**
Total liabilities					**1,289,868**

Note: Corporate and unallocated assets mainly represent loan and interest receivable to an independent third party and other receivables.

Year ended 31 March 2019

	Property development HK$'000	Healthcare holiday resort development and operation HK$'000	Foundation piling HK$'000	Securities investment HK$'000	Total HK$'000
Segment revenue					
Revenue from external customers	337,945	–	81,817	–	419,762
Segment results	(47,864)	(20,567)	(17,245)	(16,459)	(102,135)
Interest income					6,334
Share of result from an associate					(14,661)
Finance costs					(84,085)
Corporate and other unallocated expenses, net *(Note)*					(31,306)
Loss before tax					(225,853)

Note: Corporate and other unallocated expenses mainly includes Directors' remuneration, consultancy fee and legal and professional fee.

	Property development *HK$'000*	Healthcare holiday resort development and operation *HK$'000*	Foundation piling *HK$'000*	Securities investment *HK$'000*	Total *HK$'000*
Segment assets	283,407	2,174,224	32,330	11,451	2,501,412
Reconciliation:					
Interest in an associate					22,223
Tax recoverable					2,511
Corporate and other unallocated assets *(Note)*					46,008
Total assets					2,572,154
Segment liabilities	59,776	232,896	8,159	2,299	303,130
Reconciliation:					
Due to related companies					159,206
Interest-bearing bank and other borrowings					893,202
Tax payables					10,122
Deferred tax liabilities					14,663
Corporate and other unallocated liabilities					275
Total liabilities					1,380,598

Note: Corporate and unallocated assets mainly represent loan and interest receivable to an independent third party and other receivables.

Geographical Information:

The revenue information is based on the location of customers. The non-current assets are based on the location of the assets and other than equity instruments at fair value through profit or loss and other receivables.

	Revenue from external customers		**Non-current assets**	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**6,144**	81,817	**88**	22,593
Mainland China	**100,208**	337,945	**1,971,416**	2,135,477
	106,352	419,762	**1,971,504**	2,158,070

5. REVENUE

	2020	2019
	HK$'000	*HK$'000*
Revenue from contract with customer:		
Contract income of foundation piling works	**6,144**	81,817
Sales of properties	**94,661**	331,994
Provision of properties management services	**3,115**	5,951
Catering service	**397**	–
	104,317	419,762
Revenue from other source		
Rental income from leasing properties with fixed payment	**2,035**	–
	106,352	419,762

6. OTHER INCOME AND GAINS OR (LOSSES), NET

	2020	2019
	HK$'000	*HK$'000*
Interest income	**6,070**	6,334
Dividend income from equity instruments at fair value through profit or loss	**–**	6
(Loss)/gain on disposal of property, plant and equipment, net	**(68)**	3,143
Fair value loss on investment properties	**(52,875)**	(27,331)
Loss on disposal of investment properties	**(3,370)**	–
Impairment loss on loans and interest receivables	**(2,907)**	–
Write-off of interest receivables	**(2,014)**	–
Write-back of provision for long service payments	**54**	284
Others	**1,396**	2,352
	(53,714)	(15,212)

7. FAIR VALUE LOSS ON EQUITY INSTRUMENTS, NET

	2020	2019
	HK$'000	*HK$'000*
Fair value loss on equity instruments at fair value through profit or loss, net	**(2,884)**	(8,676)
Loss on disposal of equity instruments at fair value through profit or loss, net	**(76)**	(49)
	(2,960)	(8,725)

8. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interest on bank and other loans	**87,860**	96,575
Interest on loan from a related company	**1,379**	2,256
Less: Imputed interest capitalised into construction in progress in investment properties	**(5,563)**	(14,746)
	83,676	84,085

9. LOSS BEFORE TAX

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

	2020	2019
	HK$'000	*HK$'000*
Auditor's remuneration	**1,768**	1,847
Cost of properties sold	**82,988**	215,838
Cost of services provided	**5,948**	4,400
Depreciation	**9,949**	11,812
Foreign exchange differences, net	**6,890**	21,235
Operating lease rental for lease previously classified as operating lease under HKAS17	**—**	3,161
Expense relating to short-term leases	**1,556**	—
Employee benefit expenses (excluding directors' remuneration):		
– Wages, salaries and bonus	**20,370**	62,327
– Contribution to defined contribution plans	**2,580**	3,178
Less: Amount capitalised	**(2,389)**	(2,848)
	20,561	62,657

10. LEASES

HKFRS 16 was adopted 1 April 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 April 2019, the accounting policies applied subsequent to the date of initial application. Due to the lease period of leases held by the Group were less than 1 year, the Group did not recognise any right-of-use assets and lease liabilities on initial adoption date (i.e. 1 April 2019). As at 31 March 2020, the Group did not hold any leases with lease period more than 1 year.

11. INCOME TAX EXPENSE/(CREDIT)

For the year ended 31 March 2020, Hong Kong Profits Tax of the selected entity was calculated at 8.25% (2019: 8.25%) of the first HK$2,000,000 estimated assessable profits and 16.5% (2019: 16.5%) of the remaining estimated assessable profits. Hong Kong Profits Tax for the remaining entities within the Group was calculated at 16.5% (2019: 16.5%) of the estimated assessable profits for the year ended 31 March 2020.

Enterprise income tax ("**EIT**") arising from the PRC is calculated at 25% (2019: 25%) of the estimated assessable profits.

The provision of PRC land appreciation tax ("**LAT**") is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided, as appropriate, at ranges of progressive rates from 30% to 60% on the appreciation value, with certain allowable deductions including land costs, borrowing costs and the relevant property development expenditure.

	2020	2019
	HK$'000	*HK$'000*
Charge for the year:		
Current – PRC EIT	**6,360**	25,355
Current – PRC LAT	**25,243**	6,939
Deferred tax for the year	**(10,728)**	(34,280)
Income tax expense/(credit) for the year	**20,875**	(1,986)

12. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2020, nor has any dividend been proposed since the end of the reporting period (2019: Nil).

13. LOSS PER SHARE

Calculation of the basic and diluted loss per share attributable to owners of the Company is based on:

	2020	2019
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(189,432)**	(200,114)

	Number of shares	
	2020	2019
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares in issue during the year for the purpose of basic loss per share	**9,074,000**	9,074,000

Dilutive loss per share is the same as the basic loss per share because the Group had no dilutive potential ordinary shares outstanding during the years ended 31 March 2020 and 2019.

14. TRADE RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**176**	20,366

Trade receivables mainly represented receivables from construction contracts for foundation piling business. Trade receivables are past due when a counterparty has failed to make a payment when contractually due and their credit period granted to customers is generally for a period of one month or otherwise the payment terms of contract work are stipulated in the related contract. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest bearing.

An ageing analysis of the trade receivables as at the end of the reporting period that are not considered to be impaired is as follows:

	2020	2019
	HK$'000	*HK$'000*
Neither past due nor impaired	**–**	4,546
Less than 3 months past due	**3**	14,810
6 to 12 months past due	**88**	67
Over 1 year past due	**85**	943
	176	20,366

15. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2020	2019
	HK$'000	*HK$'000*
Within 1 month	**239**	1,594
1 to 2 months	**54**	1,186
Over 2 to 3 months	**5**	13,721
Over 3 months	**1,032**	23,903
	1,330	40,404

16. CONTRACT ASSETS AND LIABILITIES

	2020	2019
	HK$'000	*HK$'000*
Contract assets arising from:		
Foundation piling	**2,049**	3,930
Contract liabilities arising from:		
Sales of properties	**25,366**	40,361
Provision of property management services	**1,026**	1,954
	26,392	42,315

The timing of revenue recognition, progress billings to customers and payments received from customers would affect the amount of trade receivables, contract assets and contract liabilities recognised as at the end of the reporting date.

Typical progress billings which impact on the amount of contract assets are as follows:

Foundation piling

Contract assets represent the Group's right to consideration for work completed but not yet billed to customers at the end of the reporting period. The contract assets are transferred to trade receivables when the rights become unconditional, that is, when the Group issues progress billings to customers based on certified amount agreed with customers. All contract assets are expected to be recovered/ settled within one year.

An impairment analysis is performed at the each of the reporting period using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables appropriately grouped by similar loss pattern. The calculation reflects the probability weighted outcome, the time value of money, and reasonable and supportable information that is available at the end of the reporting period about past events, current conditions and forecast of future economic conditions.

Typical payment terms which impact on the amount of contract liabilities are as follows:

Sales of properties

Contract liabilities represent the receipts in advance from property sales. The Group normally receives certain percentage of the contract value as deposits from customers when they sign the sale and purchase agreement. The Group expects to deliver the properties to satisfy the obligations of these contract liabilities within one year or less.

Provision of property management services

Contract liabilities represent the property management fee received in advance from the customers. The Group expects to deliver the properties to satisfy the obligations of these contract liabilities within one year or less.

Movements in contract liabilities:

	2020	2019
	HK$'000	*HK$'000*
Balance as at 1 April	**42,315**	50,018
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(40,606)**	(45,923)
Increase in contract liabilities as a result of billing in advance, excluding those recognised as revenue in the current year	**29,083**	39,942
Exchange realignment	**(4,400)**	(1,722)
Balance as at 31 March	**26,392**	42,315

17. SHARE CAPITAL

	2020		2019	
	Number of shares	***HK$'000***	*Number of shares*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.025 each	**16,000,000,000**	**400,000**	16,000,000,000	400,000

A summary of movements in the Company's issued share capital is as follows:

	Number of shares in issue	**Share capital**	**Share Premium accounts**	**Total**
		HK$'000	*HK$'000*	*HK$'000*
Issued and fully paid:				
At 1 April 2018, 31 March 2019 and 2020	**9,074,000,000**	**226,850**	**1,350,993**	**1,577,843**

BUSINESS REVIEW

Property Development

The Group has been engaging in the property development business since November 2015 following the acquisition of a property project located on the western shores of Nanhu Lake, Yueyang, Hunan Province of the PRC, which has been developed as a high-end residential building with club houses and parking lots.

The sales of properties were launched in 2017 and the Group recorded revenue of approximately HK$97.3 million for the year ended 31 March 2020 ("**FY2020**"), representing a decline of 71.2% as compared with the year ended 31 March 2019 ("**FY2019**"). Such decline was mainly attributable to (i) the outbreak of the coronavirus disease (COVID-19) (the "**Pandemic**") since early 2020; and (ii) the weakened demand of potential home-buying customers of the Group due to the deterioration of their overall financial condition brought about by the uncertain global macro-economic environment.

The Group expects the remaining properties will be sold out by the second half of 2020. The Board and the Group's management will continue to develop residential properties as one of the main businesses of the Group.

Healthcare Holiday Resort Development and Operation

The Group has developed a resort project located at No.1 Sheyuan Road, Sheshan Town, Songjiang District, Shanghai of the PRC. It comprises a parcel of land with a total site area of approximately 150,602 square meters and a total gross floor area of approximately 77,213 square meters with ancillary facilities which have been developed into clubhouse, villas, apartments, and underground areas for providing health preservation, elderly care and healthcare services for customers in leasing model to derive rental and service fee income from its customers.

The above development consists of three phases. The construction works of the first two phases have been completed, and the leasable units have been leased out since November 2019, while the third construction phase is scheduled to commence in September 2021.

The Group indirectly holds 44% equity interest of Tengchong Zongheng Volcanic Tourism Development Company Limited which would be accounted for under the equity method as an associate.

It consists of eighteen parcels of land located in Ma Zhan Town, Xinglong Village, Tengchong City, Yunnan Province of the PRC, with a total site area of approximately 528,745 square meters and total gross floor area of approximately 903,324 square meters for both residential and commercial uses. It is expected to generate revenue from the sale of holiday products comprising the holiday resorts and operations of hotel, commercial and cultural tourism facilities and other auxiliary items.

Foundation Piling

The Group undertakes foundation piling projects in both the public sector and the private sector in Hong Kong. Due to the keen competition in the foundation piling market, the revenue recognised for FY2020 was approximately HK$6.1 million (FY2019: approximately HK$81.8 million), representing a significant drop of 92.5% as compared with FY2019.

Facing the intense competition in the foundation piling market and the limited public projects available and the adverse impact of the Pandemic, the Group was undergoing hardship and this segment recorded loss continuously for FY2020 and FY2019. The prospects of the foundation piling industry are not expected to improve in the short and medium term.

Securities Investment

As at 31 March 2020, the Group had equity instruments at fair value through profit or loss of approximately HK$3.3 million (as at 31 March 2019: approximately HK$6.3 million). All these investments were equity securities listed on the Stock Exchange.

For FY2020, the Group recorded a loss on disposal of equity instruments at fair value through profit or loss of approximately HK$76,000 (FY2019: approximately HK$49,000) and fair value loss of equity instruments at fair value through profit or loss of approximately HK$2.9 million (FY2019: approximately HK$8.7 million).

FINANCIAL REVIEW

Revenue

The revenue of the Group for FY2020 was approximately HK$106.4 million, representing a decrease of approximately HK$313.4 million or 74.7% as compared to the revenue of approximately HK$419.8 million for FY2019.

The decrease in revenue was primarily due to (i) the outbreak of the Pandemic since early 2020; and (ii) the weakened demand of potential home-buying customers of the Group due to the deterioration of their overall financial condition brought about by the uncertain global macro-economic environment. The revenue from the property development dropped by approximately HK$240.6 million for FY2020, representing a decline of 71.2% over FY2019.

Another reason for the decrease in revenue was due to fewer public projects in the foundation piling business following serious delay in the approval of new infrastructure projects by the Legislative Council of Hong Kong and the Legislative Council Finance Committee. The revenue contributed by the foundation piling segment of the Group dropped by approximately HK$75.7 million for FY2020, representing a decrease of 92.5% over FY2019.

Gross profit

The gross profit of the Group was approximately HK$10.8 million for FY2020 as compared to the gross loss of approximately HK$10.4 million for FY2019.

The change from gross loss to gross profit was mainly due to higher profit margin derived from the sales of properties and the foundation piling projects of the Group.

Other income and gains or (losses), net

The other income and gains or (losses), net of the Group, which were mainly incurred in the healthcare holiday resort development and operation business, increased from losses of approximately HK$15.2 million for FY2019 to losses of approximately HK$53.7 million for FY2020.

The increase in other income and gains or (losses), net was mainly attributable to the general downward trend in the property market of mainland China and the adverse impact caused by the Pandemic for FY2020. The fair value loss on investment properties was approximately HK$52.9 million for FY2020 (FY2019: approximately HK$27.3 million).

Selling and distribution expenses

The selling and distribution expenses of the Group, which were mainly incurred in the property development business and the healthcare holiday resort development and operation business, decreased from approximately HK$12.7 million for FY2019 to approximately HK$7.1 million for FY2020. The decrease was mainly due to the drop in revenue of the Group's property development business.

Administrative and other expenses

The administrative and other expenses of the Group for FY2020 were approximately HK$49.9 million, representing a decrease of approximately HK$30.1 million over FY2019. Such decrease was mainly due to the decrease in staff costs incurred since there was a decrease in sales volume of properties of the Group for FY2020.

Impairment loss on property, plant and equipment

The impairment loss of property, plant and equipment of the Group was approximately HK$12.8 million for FY2020 (FY2019: nil). The increase in impairment loss of the leasehold land and properties held by the Group was mainly due to the general downward trend in the property market of mainland China and the adverse impact caused by the Pandemic for FY2020.

Finance costs

The finance costs of the Group were approximately HK$83.7 million for FY2020, which remained stable as compared with FY2019.

Income tax expense

The income tax expense of the Group was approximately HK$20.9 million for FY2020 as compared to the income tax credit of approximately HK$2.0 million for FY2019. The change from tax credit to tax expense was mainly due to the clearance of LAT arising from the Group's property development project in Yueyang, PRC for FY2020.

Net loss

The net loss of the Group was approximately HK$223.8 million for FY2020 as compared to approximately HK$223.9 million for FY2019.

The Group's overall performance was not satisfactory as the property development business and the healthcare holiday resort development and operation business of the Group still incurred substantial net losses during FY2020. The Group will explore different financing channels to acquire land reserve or properties development companies; and to improve the revenue and profitability of its healthcare holiday resort development and operation business.

BUSINESS PROSPECTS

Property Development and Healthcare Holiday Resort Development and Operation

With the steady growth of the PRC's economy, the increase in household income and the experience from the Pandemic since early 2020, it is expected that the demand for wellbeing-related goods and services represented by high-quality living, tourism, vacation and healthcare services will continue to increase, which provides the Group with great opportunities for sustainable expansion of its property development business and healthcare holiday resort development and operation business, with high end real estate and living services.

The Group has formulated a long-term growth strategy and objective, taking the development and operation of property encompassing tourism, health preservation culture, and medical and health as the core business of the Group in the future.

The Board understands that land acquisition strategy to acquire land reserve to secure future saleable resources for its future development and the brand building of the Group in the property market in the PRC being the key elements for success of the Group. The Group will consider to obtain premium land sites through tender, auction and listing in the open market through forming joint venture enterprises with other property developers as joint venture enterprises enjoy advantages in land acquisitions, financing, marketing and pricing.

Foundation Piling

The performance of the foundation industry has still been negatively affected by the limited availability of public projects and intensive competition in the market. Further, the Group is facing a growing number of competitors listed on the Stock Exchange which have actively raised funds for expansion. Profit margin has also been adversely affected by the increasing labour and operating costs and keen competition in the foundation market.

In view of the above circumstances, the Group foresees that the business prospect of foundation business will remain uncertain in the coming future.

Securities Investment

The Board understands that the performance of the investments in securities may be affected by the degree of volatility in the Hong Kong stock market and will be subject to other external factors. The Group will continue to maintain a diversified investment portfolio to minimise the possible financial risks.

DEBTS AND CHARGE ON ASSETS

As at 31 March 2020, the interest-bearing borrowings of the Group consisted of a loan from a related company of approximately HK$24.0 million (as at 31 March 2019: approximately HK$38.1 million) without guarantee or security provided by the Group.

As at 31 March 2020, the Group's bank loan of approximately HK$154.1 million (as at 31 March 2019: approximately HK$263.1 million) were secured by investment properties of the Group with a total carrying value of approximately HK$1,465.4 million (as at 31 March 2019: approximately HK$1,769.9 million) and leasehold land and buildings with carrying value of approximately HK$488.3 million (as at 31 March 2019: approximately HK$364.6 million). The Group's other loans of approximately HK$783.8 million (as at 31 March 2019: approximately HK$630.1 million) were secured by (i) investment properties with carrying value of approximately HK$1,465.4 million; (ii) leasehold land and buildings with carrying value of approximately HK$488.3 million; (iii) personal guarantee given by Mr. Qiu Dongfang ("**Mr. Qiu**"), a substantial shareholder of the Company, and his spouse, Ms. Huang Jian, and corporate guarantees provided by the related companies controlled by Mr. Qiu; and (iv) shares of an associate and certain subsidiaries held by the Group (as at 31 March 2019: shares of an associate and certain subsidiaries with pledged deposits of RMB60 million).

As at 31 March 2020, the Group had interest-bearing borrowings of HK$725,855,000, repayable within one year and bearing interests at fixed rate ranging from 4.8% to 12% per annum (FY2019: at fixed rate ranging from 4.8% to 12.0% per annum). The remaining interest-bearing borrowing of the Group was in the principal amount of HK$212.1 million, repayable in March 2022 and bearing interest at a fixed rate of 15% per annum.

Save as disclosed above, the Group did not pledge any assets to bank or other financial institutions nor did the Group have any corporate guarantee given to any entity as at 31 March 2020.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2020, the Group had net current liabilities of approximately HK$861.7 million (as at 31 March 2019: approximately HK$938.8 million) and cash and bank deposits (excluding restricted cash) of approximately HK$94.9 million (as at 31 March 2019: approximately HK$62.1 million).

As at 31 March 2020, the gearing ratio of the Group (defined as total interest-bearing bank and other borrowings divided by the Group's total equity) was 104.9% (as at 31 March 2019: 75.0%).

The deterioration in the liquidity of the Group was mainly due to the substantial loss incurred for FY2020.

The Directors are satisfied that the Group will have sufficient working capital for its present requirements, having taken into account (i) the Group has obtained an unsecured loan credit facility from a related party and the substantial shareholder of the Company of RMB900,000,000, bearing interest of 5% per annum and repayable within a period of twenty-four months from drawdown date of loans under the facility; (ii) the Group has another credit facility obtained in March 2020 with an unutilised amount of RMB341,000,000 (equivalent to approximately HK$372,785,000) as at the date of authorisation for issue of these consolidated financial statements; and (iii) the Group has restarted the selling of the completed properties held for sale located in the PRC and leasing of the investment properties located in Shanghai and estimated revenue based on actual performance since the outbreak of the Pandemic and its future possible development as well as the expected business development over the Forecasted Period.

FOREIGN EXCHANGE RISK

The majority of the Group's assets and cash flows were denominated in RMB, but major parts of the Group's interest-bearing borrowing were denominated in US dollar. During FY2020, the steady depreciation of RMB against US dollar or HK$ had a negative effect on translation as the reporting currency of the Group was HK$. Apart from that, the management of the Company viewed that the change in exchange rate of RMB against foreign currencies had significant impact on the Group's financial position and performance during FY2020 given that the functional currency of the Group was HK$. During FY2020, the Group did not engage in any hedging activities and the Group has no intention to carry out any hedging activities in the near future. The management of the Group will continue to closely monitor the foreign currency market and consider carrying out hedging activities when necessary.

COMMITMENTS

As at 31 March 2020 and 31 March 2019, the Group had no capital commitments in respect of the development costs for property development business, and healthcare holiday resort development and operation business.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not carry out any material acquisition or disposal of any subsidiary or associated company during FY2020.

CONTINGENT LIABILITIES

The Group has no significant contingent liabilities as at 31 March 2020.

EMPLOYEE AND HUMAN RESOURCES POLICY

The Group had a total of 105 employees as at 31 March 2020, of which 93 employees worked in the PRC and 12 worked in Hong Kong. Employee remuneration packages are maintained at competitive levels and employees are rewarded through the Group's salary and bonus system. The Group provides adequate job training to employees to equip them with practical knowledge and skills.

Pursuant to the share option scheme adopted by the Company on 22 September 2013 ("**Share Option Scheme**"), the Board may grant options to Directors (including non-executive Directors and independent non-executive Directors), employees of the Company and any of its subsidiaries and associated companies, to subscribe for shares of the Company. During FY2020, no options were granted under the Share Option Scheme.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for FY2020 (FY2019: Nil).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the memorandum and articles of association of the Company or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to its existing shareholders.

EVENT AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, the Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2020 and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during FY2020.

CORPORATE GOVERNANCE CODE

The Directors and the management of the Group recognise the importance of sound corporate governance to the long-term and continuing success of the Group. The Board is committed in maintaining good corporate standards and procedures for the best interest of the shareholders of the Company. The Board will continue to review its corporate governance practices from time to time to ensure that the Group complies with the statutory requirements and the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and align with the latest developments. Throughout FY2020, the Company had complied with the applicable code provisions of the CG Code except for the deviation from code provision A.2.1 as explained below:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Dai Dong Xing ("**Mr. Dai**"), an executive Director, currently acts as chairman of the Board and the Company does not have any offices with the title of "Chief Executive Officer". Mr. Dai, together with other executive Director, are responsible for the overall business strategy and development and management of the Group's business. The Board meets regularly to consider major matters affecting the operations of the Group. The Board considers that this structure does not impair the balance of power and authority between the Board and the management of the Company. However, the Board will review the board composition regularly and consider to appoint a chief executive officer if a suitable person is identified.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Director's securities transactions pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer ("**Model Code**") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry by the Company, all the Directors have confirmed their compliance with the Model Code and the Company's code of conduct throughout FY2020.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Having made specific enquiry, all the Directors have confirmed that neither themselves nor any of their respective close associates (as defined in the Listing Rules) has held any position or had interest in any business or companies that were or might be materially competing with the business of the Group or would give rise to any concern regarding conflict of interests during FY2020.

AUDIT COMMITTEE

The audit committee of the Company ("**Audit Committee**") has reviewed the consolidated financial statements of the Group for FY2020 and has met with the auditor of the Company, BDO Limited ("**BDO**"). The consolidated financial statements have been agreed by BDO. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company, risk management and internal control systems with senior management members of the Company.

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on information available in the public domain concerning the Company, at least 25% of the Company's issued share capital were held by the public as at the date of this result announcement.

SCOPE OF WORK OF BDO LIMITED

The financial information has been reviewed by the Audit Committee and approved by the Board. The figures in respect of the Group's audited consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for FY2020 as set out in this announcement have been agreed by BDO, to the amounts set out in the Group's audited consolidated financial statements for FY2020. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO on this preliminary results announcement.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

BDO Limited was engaged to audit the consolidated financial statements of the Group. The section below sets out an extract of independent auditor's report regarding the consolidated financial statements of the Group for the year ended 31 March 2020.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*" section of our report. We are independent of the Group in accordance with the HKICPA's "*Code of Ethics for Professional Accountants*" (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to the consolidated financial statements, which indicates that the Group incurred a net loss of HK$223,794,000 during the year ended 31 March 2020 and, as of that date, the Group's current liabilities exceeded its current assets by HK$861,677,000. These conditions, along with other matters set forth in note 3(b) to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement of shareholders of the Company to attend and vote at the forthcoming annual general meeting of the Company to be held on 28 August 2020 (the "**AGM**"), the register of members of the Company will be closed from 24 August 2020 to 28 August 2020, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the forthcoming AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 21 August 2020.

PUBLICATION OF INFORMATION ON DESIGNATED WEBSITES

This annual results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) and the Company (http://www.boillhealthcare.com.hk). The annual report of the Company for FY2020 will be despatched to shareholders of the Company and published on the same websites in due course.

By order of the Board of
Boill Healthcare Holdings Limited
Dai Dong Xing
Executive Director and Chairman

Hong Kong, 29 June 2020

As at the date of this announcement, the Board comprises (i) two executive Directors, namely Mr. Dai Dong Xing and Mr. Zhang Sheng Hai; (ii) one non-executive Director, namely Mr. Chui Kwong Kau; and (iii) three independent non-executive Directors, namely Mr. Xu Liang Wei, Mr. Wang Zhe and Mr. Chan Chi Keung Billy.