

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



Boill Healthcare Holdings Limited

保集健康控股有限公司

(Formerly known as “Ngai Shun Holdings Limited 毅信控股有限公司”)

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 01246)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2018

The Board of directors (the “Board”, or the “Director(s)”) of Boill Healthcare Holdings Limited (the “Company”) announces the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2018, 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

Year ended 31 March 2018

	Notes	2018 HK\$'000	2017 HK\$'000 (Re-presented)
CONTINUING OPERATIONS			
REVENUE	6	738,147	487,119
Cost of sales		<u>(846,758)</u>	<u>(676,104)</u>
Gross loss		(108,611)	(188,985)
Other income and gains or losses, net	7	45,275	7,409
Selling and distribution expenses		(22,063)	(7,141)
Administrative and other expenses		(106,348)	(81,616)
Gain/(loss) on equity investments	8	65,593	(193,633)
Share of profits and losses of an associate		(11,242)	–
Finance costs	9	<u>(93,868)</u>	<u>(127,891)</u>
LOSS BEFORE TAX	10	(231,264)	(591,857)
Income tax credit	12	<u>35,647</u>	<u>18,559</u>
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(195,617)	(573,298)
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation	11	<u>389</u>	<u>1,054</u>
LOSS FOR THE YEAR		<u>(195,228)</u>	<u>(572,244)</u>

	<i>Notes</i>	2018 HK\$'000	2017 HK\$'000 (Re-presented)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments			
– Changes in fair value		(684)	(2,290)
Release of available-for-sale investment revaluation reserve upon disposal of available-for-sale investments		(1,481)	(555)
Exchange differences arising on translation of foreign operations		–	(19,635)
		<u>(2,165)</u>	<u>(22,480)</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Exchange differences arising on translation to presentation currency			
		<u>165,244</u>	–
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX			
		<u>163,079</u>	<u>(22,480)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR			
		<u><u>(32,149)</u></u>	<u><u>(594,724)</u></u>
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company			
– from continuing operations		(187,725)	(570,475)
– from discontinued operation		389	1,054
Non-controlling interest		<u>(7,892)</u>	<u>(2,823)</u>
		<u><u>(195,228)</u></u>	<u><u>(572,244)</u></u>
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:			
Owners of the Company			
– from continuing operations		(74,207)	(591,901)
– from discontinued operations		389	–
Non-controlling interests		<u>41,669</u>	<u>(2,823)</u>
		<u><u>(32,149)</u></u>	<u><u>(594,724)</u></u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted			
– For loss for the year	14	<u><u>HK2.09 Cents</u></u>	<u><u>HK11.77 Cents</u></u>
– For loss from continuing operations		<u><u>HK2.12 Cents</u></u>	<u><u>HK11.79 Cents</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2018

	<i>Notes</i>	2018 HK\$'000	2017 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		389,808	57,742
Investment properties under construction		1,559,467	–
Goodwill		–	17,336
Investment in an associate		43,094	–
Available-for-sale investments		192	875
Prepayments and deposits		120,788	2,474
Total non-current assets		2,113,349	78,427
CURRENT ASSETS			
Inventories		–	370
Completed properties held for sale		438,928	72,781
Properties under development		45,158	917,927
Trade and retention receivables	<i>15</i>	42,409	68,316
Prepayments, deposits and other receivables		36,175	43,434
Equity investments at fair value through profit or loss		14,947	121,916
Tax recoverable		36,659	16,568
Restricted cash		101,111	64,969
Cash and cash equivalents		210,385	410,740
Total current assets		925,772	1,717,021
CURRENT LIABILITIES			
Trade payables	<i>16</i>	21,893	35,137
Other payables and accruals		184,266	253,306
Due to related companies		68,216	50,687
Interest-bearing bank and other borrowings		874,520	802,310
Tax payables		848	770
Total current liabilities		1,149,743	1,142,210
NET CURRENT (LIABILITIES)/ASSETS		(223,971)	574,811
TOTAL ASSETS LESS CURRENT LIABILITIES		1,889,378	653,238

	2018 HK\$'000	2017 HK\$'000
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	280,800	–
Provision for long service payment	841	3,262
Deferred tax liabilities	48,943	96,680
	<hr/>	<hr/>
Total non-current liabilities	330,584	99,942
	<hr/>	<hr/>
Net assets	1,558,794	553,296
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Equity attributable to owners of the Company		
Share capital	226,850	161,850
Reserves	721,968	340,786
	<hr/>	<hr/>
	948,818	502,636
Non-controlling interests	609,976	50,660
	<hr/>	<hr/>
Total equity	1,558,794	553,296
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Boill Healthcare Holdings Limited (formerly known as “**Ngai Shun 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 head office and principal place of business of the Company in Hong Kong is located at Unit 2603, 26/F., Shun Tak Centre West Tower, 168-200 Connaught Road, Sheung Wan, Hong Kong.

The principal activity of the Company is investment holding. During the year, the Group was involved in the following principal activities:

- Foundation business
- Property development business
- Healthcare holiday resort development and operation
- Investment securities
- Provision of catering services (disposed during the year)

2. BASIS OF PRESENTATION

In preparing the consolidated financial statements, the Directors of the Company have given due and careful considerations to the future liquidity of the Group in light of the Group’s current liabilities exceeds current assets by approximately HK\$223,971,000 as at 31 March 2018. The Directors of the Company have carefully assessed the Group’s liquidity position. In the opinion of the Directors, the Group will have sufficient working capital to finance its operations to meet its financial obligations as and when they fall due in the foreseeable future, based on the cash flow projections of the Group and after taking into the following consideration:

- (i) subsequent to the reporting period, the Company has obtained loan credit facilities from an independent third party and connected persons for a period of at least twelve months from the end of the reporting period to finance the Group’s working capital; and
- (ii) sales proceeds received from the Group’s property development segment.

Accordingly, the consolidated financial statements have been prepared on the going concern basis.

3. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties under construction and equity investments which have been measured at fair value. These consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's consolidated financial statements:

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
Amendments to HKFRS 12 included in <i>Annual improvement to HKFRSs 2014-2016 cycle</i>	<i>Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12</i>

None of the above amendments to HKFRSs has had a significant financial effect on these consolidated financial statements. Disclosure has been made in the relevant note to the consolidated financial statements upon the adoption of amendments to HKAS 7, which require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

- (a) Foundation piling: Contracts for foundation business;
- (b) Property development: Sale of properties and provision of property management services;
- (c) Investment securities: Trading of securities and investment in long term securities; and
- (d) Healthcare holiday resort development and operation: Provision of elderly home care, healthcare and leisure services.

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 profit and losses of an associate, loss on disposal of subsidiaries, finance cost, as well as head office and corporate income expenses are excluded from such measurement.

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

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

Year ended 31 March 2018

	Continuing operations				Discontinued operation	
	Foundation piling <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Healthcare holiday resort development and operation <i>HK\$'000</i>	Total <i>HK\$'000</i>	Food and beverage <i>HK\$'000</i> <i>(note 11)</i>
Segment revenue						
Revenue from external customers	220,041	518,106	-	-	738,147	7,866
Segment results	(23,310)	(128,881)	65,998	(1,609)	(87,802)	2,675
Interest income					14,769	-
Share of profits and losses of an associate					(11,242)	-
Loss on disposal of subsidiaries					-	(2,286)
Finance costs					(93,868)	-
Corporate and other unallocated expenses, net					(53,121)	-
(Loss)/profit before tax					(231,264)	389
	Foundation piling <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Healthcare holiday resort development and operation <i>HK\$'000</i>	Total <i>HK\$'000</i>	
Segment assets	113,289	736,079	952	2,051,981	2,902,301	
Reconciliation:						
Investment in an associate						43,094
Tax recoverable						36,659
Corporate and other unallocated assets						57,067
Total assets						3,039,121
Segment liabilities	17,629	88,687	-	98,328	204,644	
Reconciliation:						
Due to related companies						68,216
Interest bearing bank and other borrowings						1,155,320
Tax payable						848
Deferred tax liabilities						48,943
Corporate and other unallocated liabilities						2,356
Total liabilities						1,480,327

Year ended 31 March 2017

	Continuing operations				Discontinued operation
	Foundation piling <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Total <i>HK\$'000</i>	Food and beverage <i>HK\$'000</i> <i>(note 11)</i>
Segment revenue					
Revenue from external customers	268,029	219,090	–	487,119	24,027
Segment results	(25,740)	(221,585)	(193,302)	(440,627)	1,562
Bank interest income				240	–
Finance costs				(127,891)	–
Corporate and other unallocated expenses, net				(23,579)	–
(Loss)/profit before tax				<u>(591,857)</u>	<u>1,562</u>
	Foundation piling <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Food and beverage <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	171,365	1,085,923	468,480	28,049	1,753,817
Reconciliation:					
Tax recoverable					16,568
Corporate and other unallocated assets					<u>25,063</u>
Total assets					<u>1,795,448</u>
Segment liabilities	33,368	250,386	–	6,187	289,941
Reconciliation:					
Due to a related company					50,687
Interest bearing bank and other borrowings					802,310
Tax payable					770
Deferred tax liabilities					96,680
Corporate and other unallocated liabilities					<u>1,764</u>
Total liabilities					<u>1,242,152</u>

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 exclude available-for-sale investments.

	Revenue from external customers		Non-current assets	
	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Hong Kong	220,041	268,029	24,101	76,624
Mainland China	518,106	219,090	2,089,056	928
	<u>738,147</u>	<u>487,119</u>	<u>2,113,157</u>	<u>77,552</u>

Information About Major Customers

During the year, revenue from continuing operation of approximately HK\$151,218,000 (2017:HK\$248,637,000) was derived from foundation piling segment to a single customer (2017: two customers), including sales to a group of entities which are known to be under common control of that customer. A summary of revenue for customers of the corresponding year contributing over 10% of the total revenue of the Group are set out below:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Customer A	151,218	195,266
Customer B	—	53,371
	<u>151,218</u>	<u>248,637</u>

6. REVENUE

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Contract income	220,041	268,029
Sales of properties	516,293	218,370
Provision of properties management services	1,813	720
	<u>738,147</u>	<u>487,119</u>

7. OTHER INCOME AND GAINS OR LOSSES, NET

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Interest income	14,769	240
Dividend income from equity investments at fair value through profit or loss	425	340
Gain on disposal of items of property, plant and equipment, net	10,223	4,933
Fair value gains on investment properties under construction	17,407	–
Impairment of other receivable	(2,374)	–
Write-back of provision for long service payment	1,326	–
Others	3,499	1,896
	<u>45,275</u>	<u>7,409</u>

8. GAIN/(LOSS) ON EQUITY INVESTMENTS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Fair value gain/(loss) on equity investments at fair value through profit or loss, net	6,040	(143,111)
Gain on disposal of available-for-sale investments, net of transaction cost	1,481	539
Gain/(loss) on disposal of equity investments at fair value through profit or loss, net	58,072	(51,061)
	<u>65,593</u>	<u>(193,633)</u>

9. FINANCE COSTS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Interest on bank and other loans	91,395	120,145
Interest on loan from a related company	2,473	4,231
Interest on promissory notes	–	3,515
	<u>93,868</u>	<u>127,891</u>

10. LOSS BEFORE TAX

The Group's loss before tax from continuing operations is arrived at after charging:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Auditor's remuneration	1,540	1,350
Cost of properties sold	598,393	304,070
Cost of inventories sold	–	4,258
Cost of services provided	5,300	5,927
Depreciation	27,193	32,912
Foreign exchange differences, net	10,275	16,403
Write-down of completed properties held for sales to net realisable value	20,531	11,137
Write-down of properties under development to net realisable value	2,026	93,720
Minimum lease payments under operating leases	1,549	1,785
Employee benefit expenses	109,668	110,623

11. DISCONTINUED OPERATION

On 17 July 2017, the Company disposed of its 100% equity interest in Pride Review Limited and its subsidiaries (the "Pride Review Group"), which was engaged in provision of catering service to an independent third party at consideration of HK\$30,000,000 in cash. The results are presented in these consolidated financial statements as the discontinued operation.

The results of the Pride Review Group for the year are presented below:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Revenue	7,866	24,027
Cost of services	(2,252)	(10,782)
Gross profit	5,614	13,245
Administrative expenses	(2,939)	(11,683)
Profit before tax from the discontinued operation	2,675	1,562
Income tax	–	(508)
Profit from the discontinued operation	2,675	1,054
Loss on disposal of the Pride Review Group (<i>note 18</i>)	(2,286)	–
Profit for the year from the discontinued operation	389	1,054
Earnings per share:		
Basic and diluted, from the discontinued operation	HK0.03 Cents	HK0.02 Cents

Calculation of the basic earning per share is based on:

Earnings		
Profit attributable to ordinary equity holders of the Company	2,675	1,054
	Number of share	
	2018	2017
	'000	'000
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	8,945,780	4,838,065

12. INCOME TAX CREDIT

Hong Kong profit tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdictions in which the Group operates.

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Current – Hong Kong	(193)	–
Current – PRC	(623)	–
Current – PRC land appreciation tax	(11,275)	(6,925)
Deferred	47,738	25,484
	<hr/>	<hr/>
Total tax credit for the year from continuing operations	35,647	18,559
Total tax charge for the year from a discontinued operation	–	(508)
	<hr/>	<hr/>
	35,647	18,051
	<hr/> <hr/>	<hr/> <hr/>

13. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2018, nor has any dividend been proposed since the end of the reporting period (2017: Nil).

14. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

Calculation of the basic loss per share is based on:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
<u>Loss</u>		
(Loss)/profit attributable to ordinary equity holders of the the Company used in the basic earnings per share calculation:		
From continuing operations	(190,011)	(570,475)
From a discontinued operation	2,675	1,054
	<hr/>	<hr/>
Loss attributable to ordinary equity holders of the Company	(187,336)	(569,421)
	<hr/> <hr/>	<hr/> <hr/>

No diluted loss per share has been presented for the year ended 31 March 2018 and 31 March 2017 as there was no dilutive potential ordinary shares outstanding during these years.

	Number of shares	
	2018 <i>'000</i>	2017 <i>'000</i>
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation (2017: as adjusted for share consolidation and rights issue)	8,945,780	4,838,065
	<hr/> <hr/>	<hr/> <hr/>

15. TRADE AND RETENTION RECEIVABLES

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Within 1 month	10,767	20,978
1 to 2 months	13,217	15,876
Over 2 to 3 months	–	196
Over 3 months	728	–
	<hr/>	<hr/>
	24,712	37,050
Retention receivables	17,697	31,266
	<hr/>	<hr/>
	42,409	68,316
	<hr/> <hr/>	<hr/> <hr/>

16. TRADE PAYABLES

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Within 1 month	10,166	22,809
1 to 2 months	3,193	2,084
Over 2 to 3 months	23	4,864
Over 3 months	8,511	5,380
	<hr/>	<hr/>
	21,893	35,137
	<hr/> <hr/>	<hr/> <hr/>

17. ACQUISITION OF ASSETS AND LIABILITIES

On 30 September 2016, the Group entered into a sale and purchase agreement with Boill International Co., Limited (the “Vendor”) for acquisition of 68% interest in Anway Real Estate Limited (“Anway”) and its subsidiaries (collectively, the “Anway Group”) at the consideration of HK\$1,100,000,000. The acquisition has been completed on 19 April 2017. At the time of acquisition, the major assets held by Anway Group consisted of investment properties under construction. In the opinion of the Directors, the acquisition of Anway Group does not constitute a business combination but an acquisition of assets and liabilities. The carrying amounts of the identifiable assets and liabilities of Anway Group as at the date of acquisition were as follows:

HK\$'000

Net assets acquired:	
Property, plant and equipment	544
Investment properties under construction	1,643,166
Prepayment, deposits and other receivables	52,875
Due from a related company	311,705
Cash and bank balances	529
Trade payables	(1,530)
Other payables and accruals	(50,959)
Due to related companies	(338,683)
Due to shareholders	(781,383)
	<hr/>
Total identifiable net assets acquired	836,264
Shareholders' loan assigned	781,383
Non-controlling interest	(517,647)
	<hr/>
	1,100,000
	<hr/> <hr/>
Satisfied by:	
Cash	860,000
Other borrowings	240,000
	<hr/>
	1,100,000
	<hr/> <hr/>

18. DISPOSAL OF SUBSIDIARIES

The assets and liabilities disposed of at the disposal date are disclosed below:

HK\$'000

Net assets disposed of:

Property, plant and equipment	1,403
Inventories	277
Trade and other receivables	8,655
Tax recoverable	77
Cash and bank balances	5,739
Trade and other payables	(431)
Due to the immediate holding company	(10,676)
Tax payable	(770)
	<hr/>
	4,274
Goodwill acquired through business combination	17,336
Due to the immediate holding company assigned	10,676
Loss on disposal of the Pride Review Group (<i>note 11</i>)	(2,286)
	<hr/>
	30,000
	<hr/> <hr/>
Satisfied by cash:	
Cash	30,000
	<hr/> <hr/>

19. COMPARATIVE AMOUNTS

The comparative statement of profit or loss has been re-presented as if the operation discontinued during the current year had been discontinued at the beginning of the comparative period (note 11). In addition, certain comparative amounts have been reclassified to conform to with current year's presentation as management believes that the current presentation will provide more relevant information to the users of the financial information for evaluation of the Group's operating performance.

MANAGEMENT DISCUSSION AND ANALYSIS

CHANGE OF COMPANY NAME

Subsequent to the passing of special resolution in relation to the Proposed Change of Company Name by the Shareholders at the extraordinary general meeting of the Company held on 12 September 2017, the Registrar of Companies in the Cayman Islands has approved the registration of the new name of the Company on 12 September 2017 and issued the Certificate of Incorporation on Change of Name and the Dual Foreign Name on 12 September 2017. Hence, the English name of the Company has been changed from “Ngai Shun Holdings Limited” to “Boill Healthcare Holdings Limited” and the Chinese name “保集健康控股有限公司” has been adopted as the dual foreign name of the Company to replace its existing name in Chinese “毅信控股有限公司” with effect from 12 September 2017. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 26 September 2017 confirming the registration of the new English name “Boill Healthcare Holdings Limited” also known as “保集健康控股有限公司” in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

BUSINESS REVIEW

FOUNDATION PILING BUSINESS

Pearl Swirls Limited, through its direct wholly-owned subsidiary, Ngai Shun Construction & Drilling Company Limited, is the sole operating arm of the Group’s foundation piling business.

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 business, the Group keeps a competitive pricing strategies in order to maintain the market share. During the year ended 31 March 2018, the Group has completed 16 projects, 5 projects were in progress which included 3 public projects and 2 private projects, and were awarded 6 new contracts that worth approximately HK\$77.30 million. Revenue recognised for the foundation piling business during the year ended 31 March 2018 was approximately HK\$220.04 million (2017:HK\$268.03 million), represented a significant drop of 17.90% over the last year.

As at 31 March 2018, the total contract sum on hand (including contracts in progress and contracts of which the work is yet to commence) amounted to approximately HK\$394.41 million (31 March 2017: HK\$734.50 million), represented a decline of 46.30% over last year, while the outstanding contract sum decreased to HK\$57.10 million (31 March 2017: HK\$209.40 million). The Group’s major public contracts on hand include Public Rental Housing Development at Chung Nga Road and Public Rental Development at West Kowloon. Major provide contracts on hand include Residential Development at Lohas Park 7 and Commercial at NKIL No. 6657 Kai Tak.

Ngai Shun Construction & Drilling Company Limited recorded approximately HK\$23.79 million net loss before taxation which included the depreciation expenses from machinery approximately HK\$26.53 million for the year ended 31 March 2018.

Viewing the intense competition in the foundation piling market and the limited public projects available, the foundation piling business is undergoing a hard time and the Pearl Swirls Limited and its subsidiary recorded loss continuously for the year ended 31 March 2017 and 31 March 2018. The prospects of the foundation piling industry are not expected to turn better in the short and medium term.

Due to this keen competition in the market and the number of foundation piling project is decreased, Ngai Shun Construction & Drilling Company Limited has disposed idle machinery at consideration approximately HK\$16.41 million during the year ended 31 March 2018 in order to generate cash proceeds to sustain the daily operations of Ngai Shun Construction & Drilling Company Limited.

PROPERTY DEVELOPMENT BUSINESS

The Group has been engaging in the property development business since November 2015 following the completion of the acquisition of Double Earn Holdings Limited, which through its subsidiaries, is principally engaged in the development and operation of the property project (the “Property Project”), which is located on the western shores of 南湖 (Nanhu Lake#), Yueyang, Hunan province, the PRC, which is developed as a high-end residential buildings with club houses and parking lots.

The Property Project has (i) a planned site area of approximately 156,403 square meters and (ii) a construction gross floor area of approximately 105,032 square meters. In total, there is 226 villas with saleable area approximately 87,449 square meters, 85 shops with approximately 7,367 square meters, 25 apartments with approximately 7,133 square meters completed for disposal and expected further 9 units with approximately 3,083 square meters will be renovated from club house to shops for sale.

Last year, the Group has recorded revenue of HK\$218.37 million from sales of 48 villas with 19,418 square meters and the accumulated disposal of 77 villas with 29,655 square meters. During this year, the sale of 82 Villas with 31,702 square meters, 55 shops with 4,737 square meters and 17 apartments with 4,609 square meters fetched around HK\$516.29 million in total.

China’s central bank announced tightened housing mortgage rules to curb speculative purchases property market and control credit risk, however, with the expanding economy and rising household income in Mainland, the demand from residents for properties with excellent environment has been increasing. The management decided to dispose all of the property held for sales at the end fourth quarters of 2018 in order to accelerate capital recovery for repayment of the loan due to China Huarong International Holdings Limited.

As at 31 March 2018, the Property Projects has recorded receipt in advances amounting to HK\$71.25 million.

HEALTHCARE HOLIDAY RESORT DEVELOPMENT AND OPERATION IN SHANGHAI PROJECT AND YUNNAN PROJECT

SHANGHAI PROJECT

With the expanding economy and rising household income in China, the demand for health preservation and healthcare services is experiencing a rapid increase; especially the consumption power and needs of the middle-aged and elderly people are growing at a faster pace.

Due to this reason, the Group's long-term strategies to explore into health preservation and healthcare services business by acquiring 68% equity interest of Anway Group on 19 April 2017 through its wholly-owned subsidiaries in Mainland China, owns manages and operates the Fu Chun Sheshan project ("Shanghai Project") which is located at No.1 Sheyuan Road, Sheshan Town, Songjiang District, Shanghai City, the PRC. Shanghai Project comprises a parcel of land having a site are of 150,601.6 square meters and a total gross floor area of approximately 79,265.8 square meters., with ancillary facilities which are currently being constructed and will be developed as clubhouse, villas, apartments, and underground areas for providing health preservation, elderly care and healthcare services for customers in leasing model to derive rental income from these premises and service fee from the customers.

The development consists of 3 phases. The construction works of Phase 1 and Phase 2 are nearly complete, and the leasable units are currently undergoing internal and external decoration which are scheduled to be completed in October 2018, while construction of Phase 3 is schedule to be completed in December 2020. Shanghai Project will develop into healthcare holiday resort. To sustain its growth, the Group will continue to put more effort to explore the market to capture the opportunity brought by the increasing market demand for health preservation and healthcare services.

TENGCHONG PROJECT

In recent years, with the continuous growth of tourism and holiday consumption in Mainland China and the gradual maturity of people's concept of travel and vacation and after experiencing the initial stage of simple sightseeing, the leisure and vacation travel is gradually taking the place of sightseeing travel and becoming the mainstream of future tourism consumption, which will greatly promote the consumption of travel and vacation properties. The government has successively introduced a series of policies to promote the development of travel and vacation-related industries. This not only provides a guarantee for the sustainable development of the industry, but also creates a broad market for travel and vacation property business.

Therefore, the Board believes that the development and operation of tourism vacation property will become a new economic growth point for the Group's business and performance.

On 22 December 2017, the Group, through its wholly-owned subsidiary Turbo Leader (Hong Kong) Limited, acquired 44% equity interest of Tengchong Zongheng Volcanic Tourism Development Company Limited (騰衝縱橫火山旅遊發展有限公司) (“**Tengchong Project**”) from Shenzhen Jinggangshan Zongheng Equity Investment Management Limited (深圳井岡山縱橫股權投資管理有限公司) with nil consideration.

Tengchong Project’s land consists of thirteen parcels of land located in Ma Zhan Town, Xinglong Village, Tengchong City, Yunnan Province (雲南省騰衝市馬站鄉興龍村), with a total site area of approximately 463,931 square meters and total gross floor area of approximately 931,770 square meters for residential and commercial uses as whole (“Tengchong Project Area”). Considering that the Tengchong Project Land is located in an international leisure tourism city where it is close to the highway and airport and is easily accessible to various trunk roads, the Directors believe that the Tengchong Project will help the Group to consolidate and strengthen the Group’s land reserve for the development of healthcare holiday resort as well as cultural tourism and leisure real estate communities. It is expected that Tengchong Project will generate revenue from the sales of holiday products of the holiday resort and operations of hotel, commercial and cultural tourism facilities and other auxiliary items. The Group indirectly held 44% equity interest of the Tengchong Project, which would be accounted for under the equity method.

INVESTMENT SECURITIES

As at 31 March 2018, the Group had equity investments at fair value through profit or loss of approximately HK\$14.95 million (31 March 2017: approximately HK\$121.92 million) and available-for-sale investments of approximately HK\$0.19 million (31 March 2017: HK\$0.88 million). All these investments represented equity securities listed on the Stock Exchange.

For equity investments at fair value through profit or loss, the Group recorded a gain on disposal and fair value gain of approximately HK\$58.07 million and approximately HK\$6.04 million respectively during the year ended 31 March 2018 (2017: a loss on disposal and fair value losses of approximately HK\$51.06 million and approximately HK\$143.11 million respectively) in profit or loss. For available-for-sale investments, the Group recorded a net loss on revaluation of approximately HK\$0.68 million (2017: net loss of HK\$2.29 million) in other comprehensive income for the change in fair value on these investments and gain on disposal of available-for-sales investment of approximately HK\$1.48 million (2017: gain on disposal of approximately HK\$0.54 million) in profit or loss for these investments. Dividend income received from the listed securities during the year ended 31 March 2018 amounted to approximately HK\$0.43 million (2017: HK\$0.34 million).

The equity investments at fair value through profit or loss has significantly decreased from approximately HK\$121.92 million as at 31 March 2017 to approximately HK\$14.95 million as at 31 March 2018 to realise the equity investment to (i) repay the loan interest due to China Huarong International Holdings Limited; (ii) settle the consideration in relation to the acquisition of Anway Group which completed on 19 April 2017 and (iii) utilise for the Group’s general working capital.

Equity investment at fair value through profit or loss held during the year ended 31 March 2018 and as at 31 March 2018 are as below:

Company name	Principal activities	Number of shares held	percentage of shareholdings	Unrealised (losses)/gains on fair value change for the year HK\$'000	Dividend received during the year HK\$'000	Cost of acquisition HK\$'000	Fair value as at 31 March 2018 HK\$'000	Percentage of net asset of the Group as at 31 March 2018	Fair value as at 31 March 2017 HK\$'000	Reason for unrealised gains/(losses) on fair value change for the year
Li Bao Ge Group Limited (stock code: 8102)	Operation of a chain of Chinese restaurants including WB Restaurant and Olympian Restaurant	390,000	0.05%	(2,367)	–	2,525	158	0.01%	N/A	Downward movement of share prices
China Healthcare Enterprise Group Limited (stock code: 1143)	Provision of marketing and distribution of communication products, property investment, trading of beauty care products and electronic medical devices	61,364,000	1.03%	8,407	–	57,621	14,789	0.95%	6,382	Upward movement of share prices
				6,040	–	60,146	14,947		6,382	

Company name	Principal activities	Number of shares disposed	Realised gains/(losses) on fair value change for the year HK\$'000	Dividend received during the year HK\$'000	Reasons for realized gains/(losses) on fair value change for the year
China Healthcare Enterprise Group Limited (stock code: 1143)	Marketing and distribution of communication products, property investment, trading of beauty care products and electronic medical devices, and provision of consultancy and agency services	43,776,000	8,974	–	To realise investment gain
China Wah Yan Healthcare Limited (stock code: 648)	Operating of a chain of sports and healthcare clubhouses in China, a chain of optical products and eye-care services retail shop in Hong Kong, the provision of obstetric and gynecological services in Hong Kong and asset management business	100,000,000	(2,087)	–	To stop loss
Imperial Pacific International Holdings Limited (stock code: 1076)	Engaged in the gaming and resort business including the development and operation of integrated resort on the island of Saipan	298,000,000	(1,723)	–	To stop loss and realised cash for the partial consideration for the acquisition of Anway Real Estate Limited which completed on 19 April 2017
Global Mastermind Capital Limited (stock code: 905)	Investment in securities in Hong Kong, Canada, the United States of America and China	15,000,000	(1,155)	–	To stop loss
Kingston Financial Group Limited (stock code: 1031)	Provision of a wide range of financial services including securities brokerage, underwriting and placements, margin and initial public offering financing, corporate finance advisory services, futures brokerage and asset management services, and provision of gaming and hospitality services in Macau	17,000,000	53,772	425	To realise investment gain and obtain additional cash flow as general working capital
Other listed shares	N/A	N/A	291	–	To take profit or stop loss
			58,072	425	

None of the available-for-sale investment has a carrying amount that accounts for more than 5% of the Group's audited total assets as at 31 March 2018.

Other listed shares represented the Group's investments in over 5 companies whose shares are listed on the Main Board of the Stock Exchange of Hong Kong. Each of the realised gain or (losses) ranged from the realised gain approximately HK\$936,000 to the realised loss approximately HK\$733,000.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 March 2018 was approximately HK\$738.15 million from continuing operations, representing an increase of approximately HK\$251.03 million or 51.53%, compared to the revenue approximately HK\$487.12 million from continuing operations for the year ended 31 March 2017.

The decrease was primarily due to fewer public projects of the foundation piling business following the serious delay in approving new infrastructure projects by the Legislative Council of Hong Kong and the Legco Finance Committee. The revenue from the foundation piling dropped from approximately HK\$268.03 million for the year ended 31 March 2017 to approximately HK\$220.04 million for the year ended 31 March 2018, representing a decrease approximately HK\$47.99 million or 17.90%. The drop in revenue was partially offset by the revenue from the new property development business, which contributed approximately HK\$518.11 million to the total revenue of the Group for the year ended 31 March 2018 (2017: HK\$219.09 million).

The Group has acquired Anway Group on 19 April 2017 but there is no revenue contribution from the healthcare holiday resort development and operation segment to the Group due to the interior decoration of the club house and other facilities still being under construction up to the date of this annual report. The Board expected it will commence operation from October 2018.

Gross loss

The Group's gross loss from the continuing operations was approximately HK\$108.61 million, represented a decrease of approximately 42.53% for the year ended 31 March 2018 as compared with the gross loss for the year ended 31 March 2017.

During the current year, the Group recorded a gross loss amounting to HK\$105.58 million, included the write-down of completed property held for sales to net realisable value and the write-down of properties under development to net realisable value approximately HK\$22.56 million in total, from the property development business. Last year, the Group has decided to provide large discount on selling price to customers to expedite sales and generate cash flows due to the expected further tight housing policies implemented by the PRC government and the accumulated deposits received amounted to HK\$238.91 million as at 31 March 2017. Even the selling price per square meters has slightly increased recently during the current year but the effect of the price cutting to expedite sales in last year would contribute into the gross loss of the property developments business.

For foundation piling business, the Group is facing the fierce competition. The Group had to reduce the rate of the foundation projects to maintain the market share and the increasing labour and operating costs, which resulted in a negative gross margin for the foundation piling business. In order to mitigate the effect of the price cutting to the performance of the foundation piling business, the Group has disposed the idle equipments to reduce the depreciation charge and maintenance cost to the Group and layoff the idle staff to reduce the fixed cost to the Group.

Selling and distribution expenses

Selling and distribution expenses, which solely incurred in (i) the property development business and (ii) the newly acquired healthcare holiday resort development and operation of Shanghai Project, increased from approximately HK\$7.14 million for last year to approximately HK\$22.06 million for the year ended 31 March 2018. Shanghai Project incurred of approximately HK\$6.00 million to the selling and distribution expenses, mainly represented advertising cost and marketing staff, from the date of the acquisition on 19 April 2017 to 31 March 2018. In addition, the significant increased was attributable to the increasing in (i) advertising and promotion fee; (ii) commission and (iii) agency fee in order to push up the sales volume.

Administrative and other expenses

The Group's administrative and other expenses from the continuing operations was approximately HK\$106.35 million, represente an increase of approximately 30.30% for the year ended 31 March 2018 as compared with the year end 31 March 2017. Shanghai Project recorded approximately HK\$9.12 million as administrative expenses for the year ended 31 March 2018. In addition to the Shanghai Project, the increase in administrative and other expenses was mainly due to the increase in (i) the idle staff cost and depreciation from idle equipment from foundation piling business, (ii) legal and other professional fees, and (iii) Director fee for the year ended 31 March 2018.

Finance costs

Finance costs of the Group decreased from approximately HK\$127.89 million in the year 31 March 2017 to approximately HK\$93.87 million for the year ended 31 March 2018, representing a decrease of approximately HK\$34.02 million. Such decrease was mainly due to the significant decrease in interest expenses on the promissory notes and interest on bank and other loans.

Discontinued operation

The revenue from discontinued operation amounted to approximately HK\$7.87 million from 1 April 2017 to the date of completion of the disposal on 17 July 2017 (From 1 April 2016 to 31 March 2017: HK\$24.03 million).

The Group recorded a net profit of approximately HK\$0.39 million including a loss on disposal of subsidiaries, net of transaction costs of approximately HK\$2.29 million (From 1 April 2016 to 31 March 2017:HK\$1.05 million).

Net loss

The Group's net loss for the year ended 31 March 2018 was approximately HK\$195.23 million as compared to approximately HK\$572.24 million for last year. The significantly narrowed net loss for the current year by 65.88% compared to the financial year ended 31 March 2017 was primarily attributable to the fact that (i) the Group recorded a gain on disposal and fair value gain on equity investment approximately HK\$58.07 million and HK\$6.04 million respectively during the year ended 31 March 2018 (2017: the Group recorded a loss on disposal and fair value losses of approximately HK\$51.06 million and HK\$143.11 million) (ii) the interest income of approximately HK\$13.44 million recognised under the newly acquired healthcare holiday resort development and operation business; (iii) a decrease in finance cost of approximately HK\$34.02 million during the year 31 March 2018; (iv) the gain on disposal of property, plant and equipment approximately HK\$10.22 million; and (v) the significant reduced the impairment of completed properties held for sales to net realisable value by HK\$9.39 million, compared to HK\$11.14 million for the year ended 31 March 2017 and write down of properties under development to net realisable value for the year is HK\$2.03 million but recorded HK\$93.72 million write down of properties under development to net realisable value for the year ended 31 March 2017.

The Group overall performance is not satisfactory as the significant net loss occurred from the foundation piling business and property development business during the year 31 March 2018.

USE OF NET PROCEEDS FROM THE SHARE OFFER

The net proceeds from the share offer of the Company in connection with the listing of the Company on 16 October 2013 was approximately HK\$99.9 million. The Group has used the net proceeds as follows:

	Estimated net proceeds as per the prospectus <i>(approximately HK\$ million)</i>	Actual net proceeds <i>(approximately HK\$ million)</i>	Used amount <i>(approximately HK\$ million)</i> (as at 31 March 2018)	Unused amount <i>(approximately HK\$ million)</i> (as at 31 March 2018)
Acquisition of machineries and equipment	51.9	64.9	64.9	–
Hiring additional staff	12.0	15.0	9.8	5.2
Partial bank loan repayment	8.0	10.0	10.0	–
General working capital	8.0	10.0	10.0	–
Total	<u>79.9</u>	<u>99.9</u>	<u>94.7</u>	<u>5.2</u>

BUSINESS PROSPECTS

Foundation Piling Business

The performance of the foundation industry has still been negatively affected due to limited public projects available and intensive competition in the market. The growing number of competitors listed in the Hong Kong Stock Exchange allows them to have more funds for expansion. Therefore, the Group needs to keep a competitive pricing strategy and lower the gross profit margin. Profit margins has also been adversely affected by increasing labour and operating costs and keen competition in the foundation market.

Meanwhile, the slow progress of approval of new infrastructure projects in these years by the Legislative Council and the Legco Finance Committee has led to decrease in number of tenders of construction projects. This continuously limit the number of public projects which intensify the competition in the market.

In view of the above circumstances, the Group continued to foresee that the business prospect of foundation business will be uncertain in coming future.

Property Development Business and Healthcare Holiday Resort Business in PRC Development and Operation

With the steady growth of China's economy and the increase in household income, the demand for well-being represented by high-quality living, tourism, vacation and healthcare services will continue to increase, which provides the Company with great opportunities for sustainable expansion of property and development and operation of healthcare holiday resort.

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 Tengchong Project (case name: "Fenghuang Baoji Eden Garden") will provide stable cash flow and better profits for the project through the development and sales of holiday products and the operation of hotel, commercial and cultural tourism services, and will drive the sustainable development of travel and holiday business.

The Shanghai Project (case name: "Baoji Fu Chun Sheshan") adopts: (1) providing health preservation and healthcare services (2) leasing of property and hotel operations, bringing stable cash flow and long-term income to the project, and promoting the stable development of health preservation and healthcare services.

The Board understand that land acquisition strategy to acquire land reserve to secure future saleable resources for its future development and the brand building of the Company in the property market in 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 enterprise with top real estate developers. This is because the biggest players in China's real estate market reserve enjoy advantages in land acquisitions, financing, marketing and pricing power, the co-operation with top real estate developers would enhance the Group's market penetration and increase the probability of success to obtain the land sites through tender, auction and listing in the open market with the additional benefit of lower financing cost.

Looking forward to 2018, the Management remain optimistic about China's overall macroeconomic environment and political stability.

Investment in Equity Securities

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

DEBTS AND CHARGE ON ASSETS

As at 31 March 2018, the interest-bearing borrowings of the Group consisted of a loan from a related company of approximately HK\$53.16 million (31 March 2017: HK\$50.69 million), bank loans of approximately HK\$368.32 million (31 March 2017: HK\$29.34 million) and other borrowings of approximately HK\$787.00 million (31 March 2017: HK\$772.97 million).

As at 31 March 2018, the Group's bank loan of approximately HK\$357.51 million were secured by construction in progress and investment properties under construction of the Group with total carrying value of approximately HK\$1,923.88 million. The Group's other loan of approximately HK\$787.00 million were secured by equity interests of an associate and certain subsidiaries of the Group.

Save as the 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.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2018, the Group had net current liabilities of approximately HK\$223.97 million (31 March 2017: net current assets of approximately HK\$574.81 million) and cash and bank deposits (excluding restricted cash) of approximately HK\$210.39 million (31 March 2017: HK\$410.74 million).

As at 31 March 2018, the gearing ratio of the Group (defined as total borrowings and amount due to related companies divided by the Group's total equity) was approximately 78.49% (31 March 2017: 154.17%).

The Group has net current liabilities HK\$223.97 million for the year ended 31 March 2018 due to (i) the consideration for the disposal of the completed properties held for sale at discount and (ii) the net outflow of cash in respect of acquisition of Anway Group was HK\$859.47 million (the “Net Consideration”) even the next consideration has been funded approximately of HK\$520 million by the Share Subscription by Mr. Qiu Donnong through Liyao Investments Limited.

The significant improvement in gearing ratio was mainly due to the subscription of shares by Mr. Qiu Dongfong through Liyao Investment Limited amounting to HK\$520 million which completed on 19 April 2017.

CAPITAL STRUCTURE

As at 31 March 2018, the total number of issued shares of the Company was 9,074,000,000 with par value of HK\$0.025 each (31 March 2017: 6,474,000,000 with par value of HK\$0.025 each). Changes in capital structure of the Company during the year ended 31 March 2017 were as follows:

On 30 September 2016, the Company and Liyao Investment Limited as the subscriber (the “**Subscriber**”) entered into a subscription agreement, pursuant to which the Subscriber conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue, in aggregate 2,600,000,000 shares of the Company at the subscription price of HK\$0.20 per Subscription Share for an aggregate amount of HK\$520,000,000 (the “**Subscription**”). On 19 April 2017, the Company issued and allotted 2,600,000,000 ordinary shares of HK\$0.025 each following the completion of the Subscription. Since then and up to the date of this annual results announcement, the total number of issued shares of the Company increased to 9,074,000,000 with par value of HK\$0.025 each.

For further details of the Allotment and Issuance of Subscription Shares, please refer to the announcement of the Company dated 2 October 2016, 28 October 2016, 30 November 2016, 30 December 2016, 14 February 2017, 18 April 2017 and 19 April 2017, and circular of the Company dated 26 January 2017.

The gross proceeds arising from the Subscription has been utilised in full to settle part of the Consideration of the acquisition of Anway Group.

FOREIGN EXCHANGE RISK

The Group mainly operates in Hong Kong and China and most of the operating transactions, revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars and Renminbi. As such, the Directors are of the view that the Group’s risk in foreign exchange is insignificant and that we should have sufficient resources to meet foreign exchange requirements as and if it arises. Therefore, the Group has not engaged in any derivative to hedge its exposure to foreign exchange risk.

COMMITMENTS

As at 31 March 2018, the Group had capital commitments of approximately HK\$335.11 million (31 March 2017: HK\$85.40 million) in respect of the development costs for property development business, and healthcare holiday resort development and operation.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND INVESTMENT IN AN ASSOCIATED COMPANY

Acquisition of Assets and Liabilities

Details of the acquisition of assets and liabilities are set out in note 17 to this annual results announcement on page 14.

Acquisition of an associate company

On 22 December 2017 Turbo Leader (Hong Kong) Limited, an indirect wholly-owned subsidiary of the Company, completed the acquisition of 44% share equity interests in Tengchong Zongheng Volcanic Tourism Development Company Limited (騰衝縱橫火山旅遊發展有限公司) (in English for identification purpose only) (“**Tengchong Project**”) from Shenzhen Jinggangshan Zongheng Equity Investment Management Limited (深圳井岡山縱橫股權投資管理有限公司) (“**Jinggangshan**”) (in English for identification purpose only) without any consideration but Turbo Leader (Hong Kong) Limited has committed the registered capital to Tengchong Project amounting to RMB44,000,000 which has been settled on 22 December 2017. As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the capital commitment are below 5%, the acquisition does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

After the completion of the acquisition of Tengchong Project, Tengchong Project was classified as an associate and has been accounted for in the consolidated financial statements by using equity method.

Disposal of Subsidiaries

Details of the disposal of subsidiaries are set out in note 18 to this annual results announcement on page 15.

Disposal of equity investment at fair value through profit or loss

On 26 October 2017, 27 October 2017 and 30 October 2017 and 31 October 2017, the Company conducted a series of transactions to dispose on-market of a total of 17,000,000 ordinary shares of Kingston Financial Group Limited for an aggregate gross sale proceeds of approximately HK\$96,782,000 (excluding transaction costs). The Group is expected to recognise a gain of approximately HK\$53,772,000 which is calculated on the basis of the difference between the carrying value as at 1 April 2017 and the disposal price (exclusive of transaction costs).

Save for the above (i) acquisition of assets and liabilities, (ii) disposal of subsidiaries and (iii) the disposal of equity investment and as disclosed elsewhere in this annual results announcement, there was no significant investment, material acquisitions or disposal of subsidiaries and associated companies that should be notified to the Shareholders during the year ended 31 March 2018.

The performance and prospect of the significant securities investments of the Group for the year ended 31 March 2018 were discussed under the sections of “Investment Securities” above.

CONTINGENT LIABILITIES

As at 31 March 2018, there were four outstanding cases for compensation and personal injuries claims, against the Group by the employee of the subcontractors and the employee of the Group in respect of the foundation piling business. The claims were related to the employees of the subcontractors and the employees of the Group who alleged to have suffered from bodily injuries during their course of work and employment in the Group's construction sites in Hong Kong. The claims are dealt with and handled by the insurers and are covered by mandatory insurance. The Directors assessed the cases and believed that there would not be a material impact to the financial position of the Group. No provision has been made for the cases in the consolidated financial statements.

Save as disclosed above, the Group has no significant contingent liabilities as at 31 March 2018 and 31 March 2017.

EMPLOYEE AND HUMAN RESOURCES POLICY

The Group has approximately 276 employees as at 31 March 2018 (31 March 2017: 314 employees). The total remuneration of employees for the year ended 31 March 2018 amounting to approximately HK\$109.67 million (2017: HK\$110.62 million).

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 a share option scheme adopted on 22 September 2013 (the "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 the year, no options were granted under the Share Option Scheme.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2018 (2017: Nil).

PRE-EMPTIVE RIGHTS

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

EVENT AFTER THE REPORTING PERIOD

After the reporting period ended 31 March 2018, there was no significant event affecting the Group required to be disclosed.

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 the year ended 31 March 2018.

CORPORATE GOVERNANCE CODE OF THE LISTING RULES

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. The Board will continue to review its corporate governance practices from time to time to ensure the Group comply with the statutory requirements and the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules and align with the latest developments. Throughout the year ended 31 March 2018, the Company had complied with the applicable code provisions (the “**Code Provisions**”) of the CG Code except for the deviation from the code provision A.2.1 and A.6.7 as explained below:

Under 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**”) act as the Chairman and the Company does not have any offices with 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. 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 also review regularly the board composition and appoint a Chief Executive Officer if a suitable person is identified.

Under code provision A.6.7 of the CG Code stipulates that independent non-executive Directors and other non-executive Directors shall attend general meetings and develop a balanced understanding of the views of shareholders of the Company. Due to personal commitments, Mr. Wang Zhe, the independent non-executive Director, was unable to attend the annual general meeting of the Company held on 29 September 2017. Mr. Hua Shan, Mr. Wang Zhe and Mr. Xu Liang Wei, the independent non-executive Directors, was unable to attend the extraordinary general meetings of the Company held 12 September 2017 due to personal commitments.

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 (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules. Having made specific enquiry by the Company, all director has confirmed that their compliance with the Model Code and the code of conduct throughout the year ended 31 March 2018.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

Having made specific enquiry of all Directors, all Directors have confirmed that neither themselves nor 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 gave rise to any concern regarding conflict of interests during the year ended 31 March 2018.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established with written terms of reference. Currently, the members of the Audit Committee comprised four independent non-executive Directors namely, Mr. Chan Chi Keung, Mr. Hua Shan, Mr. Wang Zhe and Mr. Xu Liang Wei. The Audit Committee is chaired by Mr. Hua Shan.

During the year ended 31 March 2018:

With effect from 19 April 2017, Ms. Thadani Jyoti Ramesh has resigned as an independent non-executive Director and Mr. Chai Chi Man has been appointed as an independent non-executive Director.

With effect from 17 July 2017, Ms. Lau Mei Ying has tendered her resignation as a member of the Audit Committee and Mr. Eric Todd has been appointed as a member of the Audit Committee, the Nomination Committee and the Remuneration Committee.

With effect from 14 August 2017, Mr. Lam Chi Wai has resigned as an independent non-executive Director, Mr. Eric Todd has resigned as an independent non-executive Director, Mr. Dai Dong Xing has been appointed as an executive Director, Mr. Zhang Sheng Hai has been appointed as an executive Director, Mr. Xu Liang Wei has been appointed as an independent non-executive Director, Mr. Wang Zhe has been appointed as an independent non-executive Director, and Mr. Hua Shan has been appointed as an independent non-executive Director.

With effect from 27 September 2017, Mr. Chai Chi Man has tendered his resignation as an independent non-executive Director.

With effect from 15 November 2017, Mr. Chan Chi Keung, Billy has been appointed as an independent non-executive Director.

The principal duties of the Audit Committee include the follows:

- (a) to review the relationship with external auditor to (i) making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; and (ii) review and monitor of the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with the applicable standards;

- (b) to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and to review significant financial reporting judgements contained in them included but not limited to (i) the going concern assumptions and any qualifications; and (ii) compliance with accounting standards, listing rules and legal requirements in relation to financial reporting;
- (c) to (i) oversight the Company's financial reporting system, risk management and internal control systems, (ii) discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems; and (iii) consider major investigation findings on risk management and internal control matters;
- (d) to consider any significant or unusual items, that are, or may need to be, reflect in the report and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting functions, compliance officer and auditor; and
- (e) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in the financial reporting, internal control or other matters, and to ensure proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow up action.

During the year ended 31 March 2018, the Company has engaged an internal consultant to assist the Audit Committee to assess the effectiveness of the internal control and risk management of the Group and the compliance procedures.

The Audit Committee has performed the above-mentioned principal duties and discussed the risk management and internal control controls systems as well as financial reporting matters. The Audit Committee also reviewed the annual results, annual report and interim report, and confirmed the compliance with the applicable standard, the Listing Rules and other applicable legal requirements and that adequate disclosures have been made. Besides, the Audit Committee assisted by reviewing the corporate governance policies and practice as delegated by the Board. There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the external auditors.

The Audit Committee has reviewed the accounting policies adopted by the Group and consolidated financial statements of the Group for the year ended 31 March 2018.

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 report.

SCOPE OF WORK OF ZENITH CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 March 2018 as set out in the Group's annual results announcement have been agreed by the Company's auditor, Zenith CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Zenith CPA Limited 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 HKICPA and consequently no assurance has been expressed by Zenith CPA Limited on this annual results announcement.

PUBLICATION OF INFORMATION ON DESIGNATED WEBSITES

The 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 the year ended 31 March 2018 will be dispatched to the Shareholders and published on the same websites in due course.

APPRECIATION

I would like to offer the Board's sincere gratitude to the management team and all of its staff for their hard work and dedication. Their excellence and commitment are of vital importance in enhancing the Company's sustainability. Finally, I would like to take this opportunity to thank our shareholders and all other stakeholders for their continuous support to the Group.

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

Hong Kong, 27 June 2018

As at the date of this announcement, the Board comprises (i) four executive Directors, namely Mr. Dai Dong Xing, Mr. Mock Wai Yin, Dr. Wong Yun Kuen, and Mr. Zhang Sheng Hai; (ii) one non-executive Director, namely Mr. Chui Kwong Kau; and (iii) four independent non-executive Directors, namely Mr. Xu Liang Wei, Mr. Wang Zhe, Mr. Hua Shan and Mr. Chan Chi Keung, Billy.