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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 01246)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

The board (the "**Board**") of directors (the "**Directors**") of Boill Healthcare Holdings Limited (the "**Company**") announces the unaudited results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 September 2018, together with the comparative figures for the corresponding period in 2017 as set out below. The unaudited condensed consolidated interim financial information has been reviewed by the audit committee of the Company (the "**Audit Committee**").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**For the six months ended 30 September 2018** *HK$'000* **(Unaudited)**	2017 *HK$'000* (Unaudited)
CONTINUING OPERATIONS			
Revenue	*5*	**137,524**	152,102
Cost of sales		**(125,634)**	(156,436)
Gross profit/(loss)		**11,890**	(4,334)
Other income and gains		**8,804**	19,455
Fair value gains on investment properties under construction		**598**	17,132
Fair value (losses)/gains on equity investments at fair value through profit or loss		**(10,928)**	31,217
Selling and distribution expenses		**(6,595)**	(7,613)
Administrative expenses		**(49,099)**	(58,513)
Loss on disposal of equity investments at fair value through profit or loss		**–**	(1,520)
Share of profit and loss from an associate		**(3,762)**	–
Finance costs	*7*	**(40,509)**	(52,383)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	*8*	**(89,601)**	(56,559)
Income tax expenses	*9*	**(73)**	(658)
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		**(89,674)**	(57,217)
DISCONTINUED OPERATION			
Profit for the period from discontinued operation	*6*	**–**	389
LOSS FOR THE PERIOD		**(89,674)**	(56,828)

	Note	For the six months ended 30 September 2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)
ATTRIBUTABLE TO:			
Owners of the parent		**(79,132)**	(56,350)
Non-controlling interests		**(10,542)**	(478)
		(89,674)	(56,828)
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT	*11*		
Basic and diluted:			
From continuing operations		**HK(0.87) cent**	HK(0.67) cent
From discontinued operation		**–**	HK0.03 cent
For loss for the period		**HK(0.87) cent**	HK(0.64) cent

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
LOSS FOR THE PERIOD	**(89,674)**	(56,828)
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**–**	(804)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Exchange differences arising on translation to presentation currency	**(121,609)**	87,816
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	**(121,609)**	87,012
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	**(211,283)**	30,184
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD ATTRIBUTABLE TO:		
Owners of the parent	**(167,025)**	8,961
Non-controlling interests	**(44,258)**	21,223
	(211,283)	30,184
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT ARISES FROM:		
Continuing operations	**(211,283)**	29,795
Discontinued operation	**–**	389
	(211,283)	30,184

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 September 2018 HK$'000 (Unaudited)	At 31 March 2018 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**383,559**	389,808
Investment properties under construction	*12*	**1,443,228**	1,559,467
Interest in an associate		**35,620**	43,094
Available-for-sale investments		**–**	192
Equity investments at fair value through profit or loss		**200**	–
Prepayments and deposits	*14*	**109,978**	120,788
Total non-current assets		**1,972,585**	2,113,349
CURRENT ASSETS			
Completed properties held for sale		**350,735**	438,928
Properties under development		**48,552**	45,158
Contract assets		**8,464**	–
Trade and retention receivables	*13*	**6,014**	42,409
Prepayments, deposits and other receivables	*14*	**114,859**	36,175
Equity investments at fair value through profit or loss		**4,010**	14,947
Tax recoverable		**28,450**	36,659
Restricted cash		**19,788**	101,111
Cash and cash equivalents		**299,420**	210,385
Total current assets		**880,292**	925,772
CURRENT LIABILITIES			
Trade payables	*15*	**9,132**	21,893
Contract liabilities		**168,643**	–
Other payables and accruals	*16*	**87,066**	184,266
Due to related companies	*22(a) to (e)*	**95,072**	68,216
Interest-bearing bank and other borrowings	*17*	**939,877**	874,520
Tax payable		**419**	848
Total current liabilities		**1,300,209**	1,149,743
NET CURRENT LIABILITIES		**(419,917)**	(223,971)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,552,668**	1,889,378

	Notes	At 30 September 2018 HK$'000 (Unaudited)	At 31 March 2018 HK$'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*17*	**170,460**	280,800
Provision for long service payments		**647**	841
Deferred tax liabilities		**39,930**	48,943
Total non-current liabilities		**211,037**	330,584
Net assets		**1,341,631**	1,558,794
EQUITY			
Equity attributable to owners of the parent			
Share capital	*18*	**226,850**	226,850
Reserves		**554,943**	721,968
		781,793	948,818
Non-controlling interests		**559,838**	609,976
Total equity		**1,341,631**	1,558,794

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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 PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, the Cayman Islands. The principal place of business of the Company is Unit 2603, 26/F, West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong.

During the period, the Group was involved in the following principal activities:

- Foundation business
- Property development business
- Healthcare holiday resort development and operation business
- Investment securities

2. Basis of presentation

Notwithstanding that the Group has net current liabilities of HK$419,917,000 and capital and other commitments of HK$140,668,000 as at 30 September 2018, 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 and after taking into the following considerations:

(i) subsequent to the reporting period, the Group has obtained a loan credit facility from connected persons of HK$1,300,000,000 for a period of at least twelve months from drawdown date of the loan credit facility, to finance the Group's working capital needs; and

(ii) pre-sales proceeds received from the Group's property development segment and rental income received from healthcare holiday resort development and operation segment.

Accordingly, the unaudited condensed consolidated interim financial information has been prepared on the going concern basis.

3. Basis of preparation

The unaudited condensed consolidated interim financial information has been prepared in accordance with the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The unaudited condensed consolidated interim financial information do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all HKFRSs, HKASs and Interpretations) issued by the HKICPA, except for the adoption of the new and revised HKFRSs, as stated in note 4 of the unaudited condensed consolidated interim financial information below.

The unaudited condensed consolidated interim financial information for the six months ended 30 September 2018 has been prepared under the historical cost convention, except for investment properties under construction and certain of financial instruments, which have been measured at fair value. The unaudited condensed consolidated interim financial information is presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

4. Accounting policies

The Group has adopted the following new and revised HKFRSs for the first time for the current period's unaudited condensed consolidated interim financial information.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	*Amendments to HKFRS 1 and HKAS 28*

Other than as explained below regarding the impact of HKFRS 9 and HKFRS 15, directors do not anticipate that the adoption of the above revised standards will have a material effect on these unaudited condensed consolidated interim financial information.

The nature and effect of these changes are disclosed below:

(a) Impacts and changes in accounting policies on application of HKFRS 9

HKFRS 9 replaces the provisions of HKAS 39 that relate to the classification and measurement of financial assets and financial liabilities, general hedge accounting and expected credit losses for financial assets. The Group has elected to apply the limited exemption in HKFRS 9 paragraph 7.2.15 relating to transition for classification, measurement and impairment, and accordingly has not restated comparative periods in the year of initial application. As such, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

At 1 April 2018, certain trade debtors and contract assets are determined as low credit risk at the date of initial application since the counterparties have a good history of repayment. The directors of the Company also reviewed and assessed the Group's remaining trade debtors and contract assets, and other financial assets for impairment using reasonable and supportable information that is available without undue cost and effort. As a result, no additional loss allowance for financial assets was recognised on transition of HKFRS 9 when applying the expected credit risk model.

(i) Classification and measurement

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in "fair value (losses)/gains on equity investments at fair value through profit or loss" line item.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date.

(ii) Impairment under expected credit losses ("ECL") model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and retention receivables, deposits and other receivables, contract assets, restricted cash and cash and cash equivalents). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade debtors and contract assets without significant financing component. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers that default has occurred when the instrument is more than 90 days past due. However, in certain cases, the Group may also consider the instrument to be in default when internal and external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade debtors and other receivables, contract assets where the corresponding adjustment is recognised through a loss allowance account.

Effects arising from initial application of HKFRS 9

The Group's listed equity securities were previously classified as available-for-sale investments carried at fair value and measured at FVTOCI under HKAS 39. Under HKFRS 9, the listed equity securities of HK$192,000 previously classified as available-for-sale investments were reclassified to equity investments at fair value through profit or loss on 1 April 2018. The Group has measured these investments at fair value through profit or loss under HKFRS 9.

(b) Impacts and changes in accounting policies on application of HKFRS 15

HKFRS 15 supersedes HKAS 11 "Construction Contracts", HKAS 18 "Revenue" and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The Group has elected to adopt HKFRS 15 using the modified retrospective method and applied only to contracts that were not completed at the date of initial application. Any difference of the change in accounting policy was reflected at the date of initial application, 1 April 2018. Hence, the comparative information was presented based on the requirements of HKAS 11, HKAS 18 and related interpretations. The application of this standard has had no material impact on the timing and amounts of revenue recognised in the current or prior accounting periods.

HKFRS 15 establishes a new five-step model that applies to revenue arising from contracts with customers. Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgments and estimates.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group unconditional right to consideration.

A contract liability represents the Group's obligation to transfer goods and services to a customer for which the Group has received consideration from the customer.

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Revenue of the Group represents the contract revenue arising on foundation business and revenue from sale of properties for the period.

The impacts for revenue from sales of properties arising from adoption of HKFRS 15 on the Group are summarised as follows:

In previous years, sale of completed properties is recognised when the significant risks and rewards of ownership of the properties are transferred to the buyers, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the properties, that is when the construction of the relevant properties has been completed and the properties have been delivered to the buyers pursuant to the sale agreements, and the collectability of related receivables is reasonably assured.

Upon the adoption of HKFRS 15, revenue from the sale of completed properties will be recognised when control over the properties is transferred to the buyers. Judgement will be required to assess whether control transfers over time or at a point of time. Properties that have no alternative use to the Group due to contractual restriction and which the Group has an enforceable right to payment from the customers for performance completed to date, the Group will recognise revenue as the performance obligations are satisfied over time by applying an input method for measuring progress.

The Group has assessed that the sale agreements used by the Group are standardised in a large extent and in the case of pre-completion sales using standard agreements for sale and purchase, the Group does not have an enforceable right to payment for performance completed to date in accordance with HKFRS 15, and accordingly, the criteria for recognising revenue over time are not met. The Group recognised the sale of completed properties until the point in time at which the Group delivers the properties to the buyers.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 April 2018.

	Notes	**Carrying amounts previously stated at 31 March 2018** *HK$'000*	**Reclassification** *HK$'000*	**Carrying amounts under HKFRS 15 at 1 April 2018** *HK$'000*
Current assets				
Contract assets	*(a)*	–	17,697	17,697
Retention receivable	*(a)*	17,697	(17,697)	–
Current liabilities				
Contract liabilities	*(b)*	–	102,858	102,858
Other payables and accruals	*(b)*	184,266	(102,858)	81,408

Notes:

(a) In relation to construction contracts previously accounted under HKAS 11, the Group estimates the performance obligations satisfied up to date of initial application of HKFRS 15. Retention receivable of HK$17,697,000 was reclassified to contract assets.

(b) At 1 April 2018, receipts in advance from customers of HK$102,858,000 previously included in other payables and accruals were reclassified to contract liabilities.

Except as described above, the application of other amendments to HKFRSs and interpretation has had no material effect on the amounts and disclosures set out in the unaudited condensed consolidated interim financial information for the current interim period. The Group has not early applied new amendments to HKFRSs and interpretation that have been issued but are not yet effective.

5. Segment information

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

1. Foundation piling: contracts for foundation business

2. Property development: sale of properties

3. Healthcare holiday resort development and operation: provision of elderly home care, healthcare and leisure services

4. Securities investment: trading of securities and investment in long-term securities

The 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 interest income, share of profit and loss from 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, tax recoverable and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude amounts due to related companies, interest-bearing bank 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.

Six months ended 30 September 2018

	Continuing operations				
	Foundation piling *HK$'000* **(Unaudited)**	**Property development** *HK$'000* **(Unaudited)**	**Securities investment** *HK$'000* **(Unaudited)**	**Healthcare holiday resort development and operation** *HK$'000* **(Unaudited)**	**Total** *HK$'000* **(Unaudited)**
Revenue from external customers	**34,813**	**102,711**	**–**	**–**	**137,524**
Segment results	**(15,973)**	**(3,572)**	**(10,935)**	**(12,155)**	**(42,635)**
Interest income					**3,445**
Corporate and other unallocated income and expenses, net					**(6,140)**
Share of profit and loss from an associate					**(3,762)**
Finance costs					**(40,509)**
Loss before tax					**(89,601)**
Other segment information:					
Dividend income from equity investments at fair value through profit or loss	**–**	**–**	**6**	**–**	**6**
Depreciation	**(8,075)**	**(159)**	**–**	**(121)**	**(8,355)**
Fair value losses on equity investments at fair value through profit or loss	**–**	**–**	**(10,928)**	**–**	**(10,928)**
Fair value gains on investment properties under construction	**–**	**–**	**–**	**598**	**598**
Gain on disposal of items of property, plant and equipment	**1,252**	**–**	**–**	**–**	**1,252**

Six months ended 30 September 2017

	Continuing operations					Discontinued operation
	Foundation piling *HK$'000* (Unaudited)	Property development *HK$'000* (Unaudited)	Securities investment *HK$'000* (Unaudited)	Healthcare holiday resort development and operation *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)	Food and beverage *HK$'000* (Unaudited) *(Note 6)*
Revenue from external customers	132,422	19,680	–	–	152,102	7,866
Segment results	(16,838)	(6,485)	30,119	9,552	16,348	2,675
Interest income					15,752	–
Corporate and other unallocated income and expenses, net					(36,276)	(2,286)
Finance costs					(52,383)	–
(Loss)/profit before tax					(56,559)	389
Other segment information:						
Dividend income from equity investments at fair value through profit or loss	–	–	425	–	425	–
Depreciation	(15,897)	(192)	–	(26)	(16,115)	(105)
Fair value gains on equity investments at fair value through profit or loss	–	–	31,217	–	31,217	–
Loss on disposal of equity investments at fair value through profit or loss	–	–	(1,520)	–	(1,520)	–
Gain on disposal of items of property, plant and equipment	1,244	–	–	–	1,244	–

As at 30 September 2018

	Foundation piling *HK$'000* (Unaudited)	Property development *HK$'000* (Unaudited)	Securities investment *HK$'000* (Unaudited)	Healthcare holiday resort development and operation *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Segment assets	**67,625**	**755,126**	**4,616**	**1,927,862**	**2,755,229**
Reconciliation:					
Interest in an associate					**35,620**
Tax recoverable					**28,450**
Corporate and other unallocated assets					**33,578**
Total assets					**2,852,877**
Segment liabilities	**9,552**	**158,834**	**–**	**95,476**	**263,862**
Reconciliation:					
Due to related companies					**95,072**
Interest-bearing bank and other borrowings					**1,110,337**
Tax payable					**419**
Deferred tax liabilities					**39,930**
Corporate and other unallocated liabilities					**1,626**
Total liabilities					**1,511,246**

As at 31 March 2018

	Foundation piling *HK$'000* (Audited)	Property development *HK$'000* (Audited)	Securities investment *HK$'000* (Audited)	Healthcare holiday resort development and operation *HK$'000* (Audited)	Total *HK$'000* (Audited)
Segment assets	113,289	736,079	952	2,051,981	2,902,301
Reconciliation:					
Interest 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

6. 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 engaged in provision of catering service, to an independent third party at a consideration of HK$30,000,000 in cash. The results are presented in the unaudited condensed consolidated interim financial information for the six months ended 30 September 2017 as the discontinued operation.

Financial information relating to Pride Review Group for the six months ended 30 September 2017 to the date of disposal is set out below:

	Six months ended 30 September 2017 *HK$'000* (Unaudited)
Revenue	7,866
Cost of services	(2,252)
	5,614
Administrative expenses	(2,939)
Profit before tax from the discontinued operation	2,675
Income tax	–
Profit from discontinued operation	2,675
Loss on disposal of the Pride Review Group *(Note 21)*	(2,286)
Profit for the period from the discontinued operation	389

7. Finance costs

An analysis of finance costs from continuing operations is as follows:

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on bank and other loans	**47,890**	80,361
Interest on loan from a related company	**1,220**	1,240
Less: Interest expenses capitalised	**(8,601)**	(29,218)
	40,509	52,383

8. Loss before tax

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

	Six months ended 30 September 2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)
Interest income	**(3,445)**	(427)
Cost of properties sold	**88,193**	15,484
Depreciation	**8,370**	16,127
Dividend income from equity investments at fair value through profit or loss	**(6)**	(425)
Foreign exchange differences, net	**8,349**	4,130
Gain on disposal of items of property, plant and equipment	**(1,252)**	(1,244)
Interest income from loan to a related company	**–**	(15,325)
Loss on disposal of the Pride Review Group	**–**	2,286
Minimum lease payments under operating leases	**2,050**	1,184
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	**31,298**	58,267
Pension scheme contributions	**2,064**	1,513
Less: Amount capitalised	**(1,095)**	(3,384)
	32,267	56,396

9. Income tax expenses

The People's Republic of China (the "**PRC**") Land Appreciation Tax (the "**PRC LAT**") is levied at progressive rates based on the appreciation of the land value, being the proceeds from the sale of properties less deductible expenditures including all property development expenditures.

PRC Corporate Income Tax in respect of operations in the PRC has been calculated at the applicable tax rate based on existing legislation, interpretations and practices in respect thereof.

	Six months ended 30 September 2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)
Charged for the period:		
Current – PRC	**6,965**	–
Current – PRC LAT	**2,121**	597
Deferred	**(9,013)**	61
Total tax expenses for the period	**73**	658

10. Dividends

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2018 (2017: Nil).

11. (Loss)/earnings per share attributable to owners of the parent

The calculations of the basic and diluted loss per share are based on:

	Six months ended 30 September 2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to owners of the Company, used in the basic and diluted (loss)/earnings per share calculation:		
– From continuing operations	**(79,132)**	(59,025)
– From discontinued operation	**–**	2,675
	(79,132)	(56,350)

	Number of shares Six months ended 30 September 2018	2017
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted (loss)/earnings per share calculation	**9,074,000,000**	8,818,262,000

The Group had no potentially dilutive ordinary shares in issue for the six months ended 30 September 2018 and 2017.

12. Investment properties under construction

	30 September 2018
	HK$'000
	(Unaudited)
Carrying amount at beginning of period	**1,559,467**
Additions	**22,616**
Gain from a fair value adjustment	**598**
Exchange realignment	**(139,453)**
Carrying amount at end of period	**1,443,228**

The Group's investment properties under construction consist of commercial properties in the PRC and held under the lease term of 40 years, which were pledged to secure bank loan granted to the Group as at 30 September 2018 *(Note 17(b))*.

The Group's investment properties under construction was revalued on 30 September 2018 by Roma Appraisals Limited, an independent qualified valuer, at RMB1,270,000,000 (equivalent to HK$1,443,228,000). Selection criteria to appoint an external valuer include market knowledges, reputation, independence and whether professional standards are maintained. The Company's directors had discussion with the valuer on the valuation assumptions and result when the valuation was performed.

13. Trade and retention receivables

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**6,014**	24,712
Retention receivables *(Note)*	**–**	17,697
	6,014	42,409

Note: Upon the adoption of HKFRS 15, retention receivables are included in contract assets.

Trade receivables mainly consist of receivables from construction contracts for foundation piling business. Contract and retention 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 ranging from 30 to 60 days or as stipulated in the related contracts. Trade and retention receivables are non-interest-bearing.

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

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**4,268**	10,767
31 to 60 days	**1,723**	13,217
61 to 90 days	**–**	–
Over 90 days	**23**	728
	6,014	24,712

14. Prepayments, deposits and other receivables

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Deposits	**6,500**	1,252
Prepayments	**113,052**	124,486
Other receivables *(Note a)*	**105,285**	31,225
	224,837	156,963
Less: Non-current portion of prepayments and deposits expected to be recovered after more than twelve months and classified as non-current assets *(Note b)*	**(109,978)**	(120,788)
	114,859	36,175

(a) The other receivables of HK$103,141,000 (as at 31 March 2018: HK$27,572,000) represented (i) a loan receivable of HK$28,934,000 (as at 31 March 2018: HK$27,572,000) to an independent third party at 10% per annum and repayable within 12 months from the drawdown date; and (ii) loan receivables of HK$74,207,000 (as at 31 March 2018: nil) to independent third parties at 4.35% per annum and repayable within 6 months from drawdown date. The Group has assessed the recoverability of the loan receivable with reference to the personal wealth and income sources of the borrowers.

(b) The non-current portion of prepayments of HK$109,326,000 (as at 31 March 2018: HK$120,520,000) represented prepaid construction costs to the Group's main constructor for healthcare holiday resort development under construction located in the PRC. The properties upon completion are for rental purpose and hence are classified as non-current assets.

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:

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**6,098**	10,166
31 to 60 days	**376**	3,193
61 to 90 days	**13**	23
Over 90 days	**2,645**	8,511
	9,132	21,893

The trade payables are non-interest-bearing and are normally settled on terms 30 to 60 days from the invoice date of the relevant purchases.

16. Other payables and accruals

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Accruals	**10,023**	12,133
Deposits received and receipts in advance	**27,896**	134,827
Other payables	**49,147**	37,306
	87,066	184,266

17. Interest-bearing bank and other borrowings

	30 September 2018			31 March 2018		
	Effective interest rate *(%)*	**Maturity**	***HK$'000***	Effective interest rate *(%)*	Maturity	*HK$'000*
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	(Audited)	(Audited)	(Audited)
Current						
Bank loans – unsecured *(Note a)*	**–**	**–**	**–**	2.38–2.50	on demand	10,805
Bank loans – secured *(Note b)*	**4.75**	**April 2019**	**154,936**	4.75	October 2018	76,714
Other loan – secured *(Note c)*	**10.00**	**October 2018**	**784,941**	10.00	October 2018	787,001
			939,877			874,520
Non-current						
Bank loans – secured *(Note b)*	**4.75**	**2019-2020**	**170,460**	4.75	2019-2020	280,800
			1,110,337			1,155,320

Notes:

(a) At 31 March 2018, a personal guarantee was given by each of Dr. Wong Sai Chung, Albert ("**Dr. Wong**") and Mr. Lam Wing Sum ("**Mr. Lam**") (both are the directors of a subsidiary of the Company) for the Group's bank loans up to HK$69,800,000. The bank loans were denominated in HK$ and were settled during the period.

(b) The Group's bank loans are secured by the Group's investment properties under construction with carrying value as at 30 September 2018 of RMB1,270,000,000 (equivalent to HK$1,443,228,000); lands owned by the related companies, which are controlled by Mr. Qiu Dong Fang ("**Mr. Qiu**"), a beneficial owner of a substantial shareholder of the Company; a personal guarantee given by each of Mr. Qiu and his spouse, Ms. Huang Jian; and corporate guarantees provided by the related companies controlled by Mr. Qiu. The bank loans are denominated in RMB.

(c) The Group's other loan is secured by pledged shares in an associate and certain subsidiaries held by the Group. The other loan is denominated in United States dollars ("**USD**").

18. Share capital

	30 September 2018		31 March 2018	
	Number of shares	***HK$'000***	Number of shares	*HK$'000*
	(Unaudited)	**(Unaudited)**	(Audited)	(Audited)
Authorised:				
Ordinary shares of HK$0.025 each (31 March 2018: HK$0.025)	**16,000,000,000**	**400,000**	16,000,000,000	400,000
Issued and fully paid:				
Ordinary shares of HK$0.025 each (31 March 2018: HK$0.025)	**9,074,000,000**	**226,850**	9,074,000,000	226,850

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

	Number of shares in issue	**Share capital**	**Share premium account**	**Total**
		HK$'000	*HK$'000*	*HK$'000*
At 1 April 2017	6,474,000,000	161,850	895,993	1,057,843
Issue of new shares *(Note)*	2,600,000,000	65,000	455,000	520,000
At 31 March 2018 (Audited)	9,074,000,000	226,850	1,350,993	1,577,843
At 30 September 2018 (Unaudited)	**9,074,000,000**	**226,850**	**1,350,993**	**1,577,843**

Note:

On 30 September 2016, the Company entered a subscription agreement with Liyao Investment Limited (the "**Subscriber**"), pursuant to which the Subscriber agreed to subscribe for, and the Company agreed to allot and issue, a total of 2,600,000,000 ordinary shares of the Company ("**Subscription Shares**") at issue price of HK$0.20 per Subscription Shares for an aggregate amount of HK$520,000,000. As a result, at the completion of the subscription on 19 April 2017, the Subscriber became the single largest substantial shareholder of the Company with 28.65% of the issued share capital of the Company as enlarged by the subscription. Further details of which are set out in the Company's circular dated 26 January 2017 and announcement dated 19 April 2017.

19. Commitments

(a) Operating leases arrangements

The Group leases certain of office properties and staff quarters under operating lease arrangements. Leases for properties are negotiated for terms ranging from two to three years.

At 30 September 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	**2,267**	3,278
In the second to fifth years, inclusive	**372**	1,557
	2,639	4,835

(b) Capital and other commitments

The Group had the following capital and other commitments at the end of the reporting period:

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Capital commitments:		
Contracted, but not provided for:		
Investment properties under construction	**140,295**	334,034
Other commitments:		
Properties under development	**373**	1,076
	140,668	335,110

20. 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 had 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 did 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 asset 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)
Total identifiable net assets acquired	836,264
Shareholders' loan assigned	781,383
Non-controlling interest	(517,647)
	1,100,000
Satisfied by:	
Cash	860,000
Other borrowings	240,000
	1,100,000
Analysis of cash flows in respect of the Anway Group is as follows:	
Cash and bank balances	529
Cash paid	(860,000)
Net outflow of cash and cash equivalents included in cash flows used in investing activities	(859,471)

21. Disposal of subsidiaries

On 17 July 2017, the Company disposed of its 100% equity interest in the Pride Review Group, which engaged in provision of catering service, to an independent third party at consideration of HK$30,000,000 in cash. The results of the Pride Review Group were presented in the unaudited condensed consolidated interim financial information for the six months ended 30 September 2017 as the discontinued operation.

The loss on disposal of the Pride Review Group was presented 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)
	4,274
Goodwill acquired through business combination	17,336
	21,610
Due to the immediate holding company assigned	10,676
Loss on disposal of the Pride Review Group *(Note 6)*	(2,286)
	30,000
Satisfied by:	
Cash	30,000

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	HK$'000
Cash consideration	30,000
Cash and bank balances disposed of the Pride Review Group	(5,739)
Net inflow of cash and cash equivalents in respect of the disposal of the Pride Review Group	24,261

22. Related party transactions

(a) At 30 September 2018, the Group had outstanding balance of HK$47,725,000 (as at 31 March 2018: HK$49,456,000) due to Excellent Speed Limited ("**Excellent Speed**") which was unsecured, bore interest at the rate of 5% per annum and repayable on demand. Excellent Speed was beneficially owned as to 50% by Dr. Wong and as to 50% by Mr. Lam. Dr. Wong is a director of a subsidiary of the Company and considered a key management personnel of the Group as at 30 September 2018.

The related interest payable of HK$184,000 as at 30 September 2018 was included in the Group's other payables and accruals (as at 31 March 2018: HK$3,704,000), whereas the interest expenses paid and payable of HK$1,220,000 was included in the finance costs of the condensed consolidated statement of profit or loss (2017: HK$1,240,000).

(b) At 30 September 2018, the Group had outstanding balance of HK$1,996,000 due to Top Success Holdings (Hong Kong) Limited ("**Top Success**"). The balance is unsecured, interest-free and repayable on demand. Top Success was beneficially owned as to 50% by Mr. Qiu (as at 31 March 2018: HK$1,996,000).

(c) At 30 September 2018, the Group had outstanding balance of HK$44,116,000 due to 保集控股集團有限公司, which is controlled by Mr. Qiu. The balance is unsecured, interest-free and payable on demand (as at 31 March 2018: HK$12,292,000).

(d) At 30 September 2018, the Group had outstanding balance of HK$392,000 due to 上海錦臻盛國際貿易有限公司, which is controlled by Mr. Qiu. The balance is unsecured, interest-free and payable on demand (as at 31 March 2018: HK$431,000).

(e) At 30 September 2018, the Group had outstanding balance of HK$307,000 due to 上海保集置業有限公司, which is controlled by Mr. Qiu. The balance is unsecured, interest-free and payable on demand (as at 31 March 2018: HK$337,000).

(f) Compensation of key management personnel of the Group

	For the six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Short-term employee benefits	**4,054**	4,052

23. Fair value of financial instruments

At 30 September 2018 and 31 March 2018, the investment in equity securities listed in Hong Kong was included in the Group's equity investment at fair value through profit or loss and available-for-sale investments, respectively.

Subsequent to initial recognition at fair value, investment in equity securities listed on the Stock Exchange is measured based on the quoted price (unadjusted) in active market (Level 1 fair value measurement). At 30 September 2018, no available-for-sale investment (as at 31 March 2018: HK$192,000) in equity securities and HK$4,210,000 (as at 31 March 2018: HK$14,947,000) of equity investment at fair value through profit or loss were measured at fair value on a recurring basis.

Fair value hierarchy had been defined in the Group's consolidated financial statements for the year ended 31 March 2018. The Group considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the unaudited condensed consolidated interim financial information are approximate to their fair values. There was no transfer between Level 1 and 2 in the current and prior periods.

24. Contingent liabilities

At 30 September 2018, there were four outstanding cases for compensation and personal injuries claims, against the Group by the employee of the subcontractor and the employee of the Group. The claims were related to the employee of the subcontractor and the employee of the Group who alleged to have suffered from bodily injuries during their course of work and employment in the Group's construction sites. 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 on the financial position of the Group. No provision has been made for the cases in the unaudited condensed consolidated interim financial information.

25. Events after the reporting period

After the reporting period ended 30 September 2018, there was no significant event affecting the Group required to be disclosed.

MANAGEMENT DISCUSSION AND ANALYSIS

The Board presents the unaudited condensed consolidated results of the Group for the six months ended 30 September 2018 to the valued shareholders of the Company (the "**Shareholders**"). The Group's revenue for the six months ended 30 September 2018 was approximately HK$137.5 million (2017: approximately HK$152.1 million), representing a decrease of 9.6% over the previous reporting period. Net loss of approximately HK$89.7 million (2017: approximately HK$56.8 million) was incurred for six months ended 30 September 2018, while the basic and diluted loss per share from continuing operations was approximately HK0.87 cent (2017: approximately HK0.67 cent).

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.

During the six months ended 30 September 2018, 4 foundation projects were completed, 1 public project and 1 private project was in progress, and the Group acquired 1 new contract that was worth approximately HK$13.2 million. The total contract sum on hand as at 30 September 2018 was approximately HK$29.3 million (2017: HK$295.4 million), which represents a decline of 90.1% over the previous reporting period while the outstanding contract sum dropped 90.2% to approximately HK$9.2 million (2017: HK$93.5 million).

The Group's major contracts on hand are residential development at TMTL 486, Area 54, Siu Hong, Tuen Mun and Tai Wai station property development.

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, which is located on the western shores of 南湖 (Nanhu Lake[#]), Yueyang, Hunan province, the PRC, which is developed as 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 were 226 villas with a total saleable area of approximately 87,449 square meters, 85 shops with a total area of approximately 7,367 square meters, 25 apartments with a total area of approximately 7,133 square meters completed for sale and it is expected further 9 units with a total area of approximately 3,083 square meters will be renovated from club house to shops for sale.

The sales of properties were launched in 2017, with only approximately HK$19.7 million recorded for the six months ended 30 September 2017. The Group further sold 15 villas with a total area of 5,887 square meters, 5 shops with a total area of 563 square meters and 1 apartments with an area of 194 square meters approximately in total and generated revenue of approximately HK$102.7 million for six months ended 30 September 2018.

Although the real estate market in the PRC has been affected by macro-control policies and sales have declined, the improving demand in the PRC for residential properties is still very strong, and the market potential is still very large. Therefore, the Board and management will continue to develop residential properties as the Group's main business strategy.

As at 30 September 2018, the property development projects recorded receipt in advances amounting to approximately HK$115.0 million which was included in "Other payables and accruals" in the condensed consolidated statement of financial position.

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

Shanghai Project

With the expanding economy and rising household income in the PRC, the demand for health preservation and healthcare services is experiencing a rapid increase; especially the purchasing 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 the PRC, 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 area 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 work of Phase 1 was completed; Phase 2 is nearly completed, and the leasable units are currently undergoing internal and external decoration which are scheduled to be completed by the end of 2018, while construction of Phase 3 is scheduled to be completed in December 2020. Shanghai Project will be developed into a 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 the PRC and the gradual maturity of people's concept of travel and vacation 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 stimulus to 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**") and made capital contributions as registered share capital to Tengchong Project of RMB44,000,000.

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. Tengchong Project is still under construction and therefore no revenue was generated during the six months ended 30 September 2018. The Group shared a loss of approximately HK$3.8 million from an associate under the equity method. (2017: Nil).

INVESTMENT SECURITIES

As at 30 September 2018, the Group had equity investments at fair value through profit or loss of approximately HK$4.2 million (as at 31 March 2018: approximately HK$15.0 million) and no available-for-sale investments (as at 31 March 2018: approximately HK$0.2 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 fair value loss of approximately HK$10.9 million during the six months ended 30 September 2018 (2017: loss on disposal of approximately HK$1.5 million and fair value gains of approximately HK$31.2 million) in profit or loss.

Equity investment at fair value through profit or loss held during the six months ended 30 September 2018 and as at 31 March 2018 are as below:

Company name	Principal activities	Number of shares held	Percentage of shareholdings	Unrealised losses on fair value change for the period *HK$'000*	Dividend received during the period *HK$'000*	Cost of acquisition *HK$'000*	Fair value as at 30 September 2018 *HK$'000*	Percentage of net asset of the Group as at 30 September 2018	Fair value as at 31 March 2018 *HK$'000*	Reason for unrealised losses on fair value change for the period
Li Bao Ge Group Limited (GEM stock code: 8102 and Main Board stock code: 1869)	Operation of a chain of Chinese restaurants including WB Restaurant and Olympian Restaurant	390,000	0.05%	(14)	–	2,525	144	0.01%	158	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%	(10,923)	–	57,621	3,866	0.14%	14,789	Downward movement of share prices
				(10,937)	–	60,146	4,010		14,947	

FINANCIAL REVIEW

Revenue

The Group's revenue for the six month ended 30 September 2018 was approximately HK$137.5 million, representing a decrease of approximately HK$14.6 million or 9.6%, compared to the revenue approximately HK$152.1 million for the six month ended 30 September 2017.

The decrease was primarily due to discounts offered for the tendered projects to deal with intense competition with other subcontractors in the tender and 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$132.4 million for the six months ended 30 September 2017 to approximately HK$34.8 million for the six months ended 30 September 2018, representing a drop of approximately HK$97.6 million or 73.7%. The drop in revenue was partly offset by the increase in revenue from the property development business, which contributed approximately HK$102.7 million to the total revenue of the Group for the six months end 30 September 2018 (2017: HK$19.7 million).

Revenue was not yet generated from Anway Group, which was acquired on 19 April 2017 for the healthcare holiday resort development and operation segment, as the interior decoration of the club house and other facilities was still being under construction. The operation is expected to commence by the end of 2018.

Gross Profit/(Loss)

Gross profit for the six months ended 30 September 2018 was approximately HK$11.9 million, representing an improvement of approximately HK$16.2 million from gross loss of approximately HK$4.3 million for the corresponding period last year. During the period under review, the property development business recorded a gross profit of HK$12.8 million (2017: gross profit of approximately HK$1.8 million) while the foundation business recorded a gross loss of approximately HK$0.9 million (2017: approximately HK$6.1 million).

Selling and Distribution Expenses

Selling and distribution expenses, which were solely incurred in (i) the property development business and (ii) the healthcare holiday resort development and operation of Shanghai Project, slightly decreased from approximately HK$7.6 million for six months ended 30 September 2017 to approximately HK$6.6 million for the current interim period because there was a decrease in sales volume of properties.

Administrative Expenses

The Group's administrative expenses was approximately HK$49.1 million, representing a decrease of approximately HK$9.4 million for the six months ended 30 September 2018 as compared with the corresponding period last year. The decrement was mainly due to the decrease in legal and professional fee incurred since such fee was incurred for the acquisition of Anway Group in the corresponding period last year.

Finance Costs

Finance costs of the Group decreased from approximately HK$52.4 million during the six months ended 30 September 2017 to approximately HK$40.5 million during the current interim period, representing a decrease of approximately HK$11.9 million. Such decrease was mainly due to the significant decrease in interest expenses on the promissory notes and interest on bank and other loans.

Net Loss

The Group's net loss for the six months ended 30 September 2018 was approximately HK$89.7 million as compared to approximately HK$56.8 million for the corresponding period last year. The significant increase in net loss was mainly due to (i) a substantial increase in net loss incurred by the foundation piling business; (ii) the project relating to Shanghai Jin Sheng Long Real Estate Co., Ltd being still under construction and more than approximately HK$12.1 million (2017: approximately HK$2.5 million) was incurred for daily operation; (iii) no significant fair value gains on investment properties under construction (2017: approximately HK$17.1 million); and (iv) a fair value loss of approximately HK$10.9 million on equity investment (2017: a fair value gain of approximately HK$31.2 million).

Use of Net Proceeds from the Share Offer

The net proceeds from the share offer of the Company in connection with its listing on 16 October 2013 was approximately HK$99.9 million. According to the section "Future Plans and Use of Proceeds" set out in the prospectus of the Company dated 30 September 2013 (the "**Prospectus**"), the Group has used the net proceeds as follows:

	Estimated net proceeds as per the Prospectus *(approximately HK$' million)*	**Actual net proceeds** *(approximately HK$' million)*	**Used amount** *(approximately HK$' million)* (as at 30 September 2018)	**Unused amount** *(approximately HK$' million)* (as at 30 September 2018)
Acquisition of machineries and equipments	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	79.9	99.9	94.7	5.2

BUSINESS PROSPECTS

Foundation Piling Business

The foundation industry is still under difficult circumstances due to limited public projects available and intensive competition in the market. Due to the growing number of competitors listed on the Stock Exchange, profit margins have been adversely affected by increasing labour and operating costs and keen competition in the foundation market.

In view of the above circumstances, the Group continues to foresee that the business prospect of foundation business will still be undergoing further downturn in the future.

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

With the steady growth of the PRC's economy and the increase in household income, 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 Company with great opportunities for sustainable expansion of property 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; and (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 understands 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 the PRC being the key elements for success of the Group. The Group will consider obtaining 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 the PRC'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 in obtaining the land sites through tender, auction and listing in the open market with the additional benefit of lower financing cost.

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 investment portfolio to minimise the possible financial risks.

DEBTS AND CHARGE ON ASSETS

As at 30 September 2018, the interest-bearing borrowings of the Group consisted of a loan from a related company of approximately HK$95.1 million (as at 31 March 2018: HK$68.2 million), bank loans of approximately HK$325.4 million (as at 31 March 2018: HK$368.3 million) and other borrowings of approximately HK$784.9 million (as at 31 March 2018: HK$787.0 million).

As at 30 September 2018, the Group's bank loans of approximately HK$325.4 million (as at 31 March 2018: HK$357.5 million) were secured by construction in progress and investment properties under construction of the Group with a total carrying value of approximately HK$1,807.6 million (as at 31 March 2018: HK$1,923.9 million). The Group's other loan of approximately HK$784.9 million (as at 31 March 2018: HK$787.0 million) was secured by equity interests of an associate and certain subsidiaries of the Group.

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2018, the Group had net current liabilities of approximately HK$419.9 million (as at 31 March 2018: approximately HK$224.0 million) and cash and bank deposits (excluding restricted cash) of approximately HK$299.4 million (as at 31 March 2018: approximately HK$210.4 million).

As at 30 September 2018, the gearing ratio of the Group (defined as total interest-bearing liabilities divided by the Group's total equity) was 89.8% (as at 31 March 2018: 78.5%).

The significant increases in net current liabilities and gearing ratio were mainly due to substantial loss incurred for six months ended 30 September 2018 and the increase in contract liabilities and other payables and accruals and amounts due to related companies of approximately HK$69.0 million and HK$26.9 million respectively.

FOREIGN EXCHANGE RISK

The Group mainly operates in Hong Kong and the PRC with most of the operating transactions, revenue, expenses, monetary assets and liabilities denominated in HK$ or RMB. 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.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

The Group did not hold any significant investments or carry out any material acquisition nor disposal of any subsidiary or associated company during the six months ended 30 September 2018.

CAPITAL COMMITMENTS

Save as disclosed in note 19(b) to the unaudited condensed consolidated interim financial information, the Group had no other capital commitments as at 30 September 2018 and 31 March 2018.

CONTINGENT LIABILITIES

There was no material change in the Group's contingent liabilities as compared to the Company's 2018 Annual Report. Please refer to note 24 to the unaudited condensed consolidated interim financial information for details of contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

After the reporting period ended 30 September 2018, there was no significant event affecting the Group required to be disclosed.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2018, the Group had 219 employees (as at 31 March 2018: 276 employees). Total employee costs for the six months ended 30 September 2018 amounted to approximately HK$33.4 million (2017: approximately HK$59.8 million).

The employee remuneration packages of the Group are maintained at competitive levels and employees are rewarded through the Group's salary and bonus system. The Group provides adequate job training to the employees to equip them with practical knowledge and skills.

INTERIM DIVIDEND

The Board does not recommend an interim dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: Nil).

CORPORATE GOVERNANCE

Corporate Governance Code

The Company has complied with all the code provisions (the "**Code Provision(s)**") set out in the Corporate Governance Code (the "**CG Code**") as stated in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2018 except the following deviations:

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**") acts as the Chairman and the Company does not have any offices with the title of "Chief Executive Officer". Mr. Dai together with other executive Directors 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.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as a code of conduct of the Company regarding Directors' transactions of the listed securities of the Company.

The Company has made specific enquiry with all Directors, and all Directors confirmed that they have complied with the Model Code throughout the six months ended 30 September 2018.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

None of the Directors or their respective associates was interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the Group's business, as at the date of this announcement.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2018.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

The Company established the Audit Committee with written terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to review and supervise the Group's internal control and financial reporting process and to maintain an appropriate relationship with the Group's independent auditors.

The Audit Committee comprises of three independent non-executive Directors, namely Mr. Chan Chi Keung Billy (committee chairman), Mr. Wang Zhe and Mr. Xu Liang Wei.

The Audit Committee had reviewed the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 September 2018 and this interim results announcement. The Audit Committee had confirmed that this interim results announcement complied with all the applicable rules and regulations, including but not limited to the applicable accounting standards and the Listing Rules and that adequate disclosures have been made.

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

Hong Kong, 30 November 2018

As at the date of this announcement, the Company has (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) three independent non-executive Directors, namely Mr. Chan Chi Keung Billy, Mr. Xu Liang Wei and Mr. Wang Zhe.

In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese.

\# *The English name of the Chinese entity is translation of its Chinese name and is included herein for identification purpose only.*