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Boill Healthcare Holdings Limited

保集健康控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1246)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2019

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 2019, together with the comparative figures for the previous corresponding year and the relevant explanatory notes, as set out below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	<i>Note</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i> <i>(Restated)</i> <i>(Note 19)</i>
CONTINUING OPERATIONS			
Revenue	5	419,762	738,147
Cost of sales		(430,208)	(824,201)
Gross loss		(10,446)	(86,054)
Write-down of completed properties held for sales to net realisable value		–	(20,531)
Write-down of properties under development to net realisable value		–	(2,026)
Other income and gains or (losses), net	6	(15,212)	45,275
Selling and distribution expenses		(12,718)	(22,063)
Administrative and other expenses		(80,006)	(106,348)
Fair value (loss)/gain on equity investments, net	7	(8,725)	65,593
Share of loss from an associate		(14,661)	(11,242)
Finance costs	8	(84,085)	(93,868)
LOSS BEFORE TAX	9	(225,853)	(231,264)
Income tax credit	11	1,986	9,208
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(223,867)	(222,056)
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation	10	–	389
LOSS FOR THE YEAR		(223,867)	(221,667)

	<i>Note</i>	2019 HK\$'000	2018 <i>HK\$'000</i> <i>(Restated)</i> <i>(Note 19)</i>
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments			
– Changes in fair value		–	(684)
Release of available-for-sale investment revaluation reserve upon disposal of available-for-sale investments		–	(1,481)
Share of other comprehensive income of an associate		(31,967)	–
Exchange differences arising on translation to presentation currency		(75,096)	163,890
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		(107,063)	161,725
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(330,930)	(59,942)
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company			
– from continuing operations		(200,114)	(214,164)
– from a discontinued operation		–	389
Non-controlling interests		(23,753)	(7,892)
		(223,867)	(221,667)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Company			
– from continuing operations		(275,210)	(102,000)
– from a discontinued operation		–	389
Non-controlling interests		(55,720)	41,669
		(330,930)	(59,942)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted			
– For loss for the year	<i>13</i>	HK2.21 cents	HK2.39 cents
– For loss from continuing operations		HK2.21 cents	HK2.39 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2019

	31 March 2019	31 March 2018	1 April 2017
Note	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated) (Note 19)	<i>HK\$'000</i> (Restated) (Note 19)
NON-CURRENT ASSETS			
Property, plant and equipment	365,929	389,808	57,742
Goodwill	–	–	17,336
Investment properties under construction	1,769,918	1,559,467	–
Interest in an associate	22,223	43,094	–
Available-for-sale investments	–	192	875
Equity instruments at fair value through Profit or loss	168	–	–
Prepayments, deposits and other receivables	74,838	120,788	2,474
Total non-current assets	2,233,076	2,113,349	78,427
CURRENT ASSETS			
Inventory	–	–	370
Completed properties held for sale	115,524	438,928	72,781
Properties under development	–	45,158	917,927
Trade and retention receivables	20,366	42,409	68,316
Contract assets	3,930	–	–
Prepayments, deposits and other receivables	119,873	36,175	43,434
Equity investments at fair value through profit or loss	6,136	14,947	121,916
Tax recoverable	2,511	351	8,053
Restricted cash	8,632	101,111	64,969
Cash and cash equivalents	62,106	210,385	410,740
Total current assets	339,078	889,464	1,708,506
CURRENT LIABILITIES			
Trade payables	40,404	21,893	35,137
Contract liabilities	42,315	–	–
Other payables and accruals	220,040	184,266	253,306
Due to related companies	159,206	68,216	50,687
Amount due to a director	270	–	–
Interest-bearing bank and other borrowings	805,501	874,520	802,310
Tax payables	10,122	848	770
Total current liabilities	1,277,858	1,149,743	1,142,210
NET CURRENT (LIABILITIES)/ASSETS	(938,780)	(260,279)	566,296
TOTAL ASSETS LESS CURRENT LIABILITIES	1,294,296	1,853,070	644,723

	31 March 2019	31 March 2018	1 April 2017
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Restated)</i>	<i>(Restated)</i>
		<i>(Note 19)</i>	<i>(Note 19)</i>
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	87,701	280,800	–
Provision for long service payments	376	841	3,262
Deferred tax liabilities	14,663	48,943	96,680
	<u>102,740</u>	<u>330,584</u>	<u>99,942</u>
Total non-current liabilities			
	<u>1,191,556</u>	<u>1,522,486</u>	<u>544,781</u>
Net assets			
	<u>1,191,556</u>	<u>1,522,486</u>	<u>544,781</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	226,850	226,850	161,850
Reserves	410,450	685,660	332,271
	<u>637,300</u>	<u>912,510</u>	<u>494,121</u>
Non-controlling interests	554,256	609,976	50,660
	<u>1,191,556</u>	<u>1,522,486</u>	<u>544,781</u>
Total equity			
	<u>1,191,556</u>	<u>1,522,486</u>	<u>544,781</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Boill Healthcare Holdings Limited 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, Central, Sheung Wan, Hong Kong.

The principal activity of the Company is investment holding. The Company and its subsidiaries (the “**Group**”) are principally engaged in the foundation piling, property development, healthcare holiday resorts development and operation, and investment securities.

2. GOING CONCERN BASIS

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

During the year, the Group has incurred a loss of approximately HK\$223,867,000 and at the end of reporting period, its current liabilities exceeded its current assets by approximately HK\$938,780,000. The Group is committed to repay certain borrowings in October 2019 and April 2020. The Group will be unable to repay these borrowings in full when they fall due unless it is able to obtain sufficient cash sources through refinancing arrangement from a related party and the substantial shareholder of the Company and the related party and the substantial shareholder can realise their cash to the Group in the required timescale. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern and, therefore, that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In the opinion of the directors of the Company, 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 (the “**Facility**”) from a related party and the substantial shareholder of the Company of RMB900,000,000, to finance the Group’s working capital needs, it is expected that the Group will start to utilise the Facility in October 2019. The Facility is unsecured, interest bearing of 5% per annum and repayable within a period of twenty-four months from drawdown date of the Facility;
- (ii) The Group is able to fully recover all the outstanding loans and interest receivables from four independent third parties on their maturity dates of approximately HK\$105,126,000; and
- (iii) Pre-sales proceeds from the Group’s property development segment of approximately HK\$25,905,000 has been received subsequent to the reporting period.

Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

The consolidated financial statements do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to operate as a going concern.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(a) Adoption of new or amended HKFRSs — effective 1 April 2018

In the current year, the Group applied for the first time the following new or amended HKFRSs issued by the Hong Kong Institute of Certified Public Accountants which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on or after 1 April 2018:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures

HKFRS 9 — Financial Instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual years beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment; and (3) hedge accounting. The adoption of HKFRS 9 from 1 April 2018 has resulted in changes in accounting policies of the Group. However, it does not have significant impact on the classification and the amounts of financial instruments recognised in the consolidated financial statements.

(i) Classification and measurement of financial instruments

HKFRS 9 basically retains the existing requirements in HKAS 39 for the classification and measurements of financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held-to-maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies in relation to financial liabilities. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVTPL”), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost (“**amortised cost**”); (ii) financial assets at fair value through other comprehensive income (“**FVOCI**”); or (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the “**solely payments of principal and interest**” criterion, also known as “**SPPI criterion**”). Under HKFRS 9, embedded derivatives are no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it both of the following conditions are met and it has not been designated as at FVTPL:

- It 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 meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to be achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets as follows:

FVTPL	FVTPL is subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.
Amortised cost	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

As of 1 April 2018, certain investments in listed equity investments were reclassified from available-for-sale financial assets to FVTPL. The investments are not held for trading, but the Group has nevertheless not elected to recognise fair value gains and losses arising from the listed equity investments through other comprehensive income. The carrying value of these equity investments approximated its fair value as at 1 April 2018. As a result, financial assets with carrying value of approximately HK\$192,000 were reclassified from available-for-sale financial assets to FVTPL.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group’s financial assets as at 1 April 2018:

Financial assets	Original classification under HKAS 39	New classification under HKFRS 9	Carrying amount	Carrying amount
			as at 1 April 2018 under HKAS 39 <i>HK\$’000</i>	as at 1 April 2018 under HKFRS 9 <i>HK\$’000</i>
Listed equity investments	Available-for-sale investments	FVTPL	192	192
Trade and retention receivables	Loans and receivables	Amortised cost	42,409	42,409
Deposits and other receivables	Loans and receivables	Amortised cost	32,477	32,477
Equity instruments at FVTPL	Held-for-trading	FVTPL	14,947	14,947
Restricted cash	Loans and receivables	Amortised cost	101,111	101,111
Cash and cash equivalents	Loans and receivables	Amortised cost	210,385	210,385

(ii) *Impairment of financial assets*

The adoption of HKFRS 9 has changed the Group’s impairment model by replacing the HKAS 39 “incurred loss model” to the “expected credit losses (“ECLs”) model”. HKFRS 9 requires the Group to recognise ECLs for trade receivables, contract assets, financial assets at amortised cost including deposits and other receivables, restricted cash, cash and cash equivalents earlier than HKAS 39. Restricted cash and cash and cash equivalents are subject to ECLs model but the impairment is immaterial for the current period.

Under HKFRS 9, the ECLs are measured on either of the following bases: (1) 12-months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are the ECLs that result from all possible default events over the expected life of a financial instrument.

(iii) *Measurement of ECLs*

ECLs are based on the difference between all contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive.

The Group has elected to measure loss allowances for trade receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-months ECLs. The 12-months ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impact of the ECLs model

As mentioned above, the Group applies the HKFRS 9's simplified approach to measure ECLs which adopts a lifetime ECLs for all trade receivables and contract assets. To measure the ECLs, these receivables have been grouped based on shared credit risk characteristics and the days past due. No additional impairment for these receivables as at 1 April 2018 and during the year ended 31 March 2019 is recognised as the amount of additional impairment measured under the ECLs model is insignificant.

Other financial assets at amortised cost of the Group including deposits and other receivables. No additional impairment for these financial assets as at 1 April 2018 and during the year ended 31 March 2019 is recognised as the amount of additional impairment measured under the ECLs model is insignificant.

(iv) Hedge accounting

Hedge accounting under HKFRS 9 has no impact on the Group as the Group does not apply hedge accounting in its hedging relationships.

(v) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the consolidated statement of financial position as at 31 March 2018, but are recognised in the consolidated statement of financial position on 1 April 2018. Based on the management's assessment, there was no material difference in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 recognised in retained earnings and reserves as at 1 April 2018.

HKFRS 15 — Revenue from Contracts with Customer

HKFRS 15 supersedes HKAS 11 “Construction Contracts”, HKAS 18 “Revenue” and related interpretations. HKFRS 15 has established a five-steps model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method with practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of accumulated losses at the date of initial application (that is, 1 April 2018). Under this transition method, the Group has elected to apply this standard retrospectively only to contracts that were not completed contracts as at 1 April 2018. As a result, the financial information presented for 2018 has not been restated.

The following tables summarised the impact, net of tax, of transition to HKFRS 15 on the opening balances of accumulated losses as follows (increase/(decrease)):

	HKAS 18 carrying amount 31 March 2018 <i>HK\$'000</i>	Reclassification <i>HK\$'000</i>	HKFRS 15 carrying amount 1 April 2018 <i>HK\$'000</i>
Contract assets (<i>Note a</i>)	—	9,636	9,636
Trade and retention receivables (<i>Note a</i>)	42,409	(9,636)	32,773
Contract liabilities (<i>Note b</i>)	—	(50,018)	(50,018)
Other payables and accruals (<i>Note b</i>)	(184,266)	50,018	(134,248)

The following tables summarised the impact of adopting HKFRS 15 on the Group’s consolidated statement of financial position as at 31 March 2019. There was no material impact on the Group’s consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flow for the year ended 31 March 2019:

Impact on the consolidated statement of financial position as of 31 March 2019

	As at 31 March 2019		
Consolidated statement of financial position (extract)	Amounts without the adoption of HKFRS 15 <i>HK\$'000</i>	Effects of the adoption of HKFRS 15 <i>HK\$'000</i>	Amounts as reported <i>HK\$'000</i>
Contract assets	—	3,930	3,930
Trade and retention receivables	24,296	(3,930)	20,366
Contract liabilities	—	(42,315)	(42,315)
Other payables and accruals	(262,355)	42,315	(220,040)

Note a: In relation to foundation piling contracts previously accounted for under HKAS 11, the Group estimated that the performance obligations had been satisfied up to the date of initial application of HKFRS 15. Retention receivable of approximately HK\$9,636,000 was reclassified to contract assets as at 1 April 2018.

Note b: Under HKFRS 15, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. Previously, contract balances relating to “Deposits received” were presented in the consolidated statement of financial position under “Other payables and accruals”. To reflect these changes in presentation, the Group has made the reclassification adjustment as at 1 April 2018. As a result of the adoption of HKFRS 15, “Other payables and accruals — Deposits received” amounting to approximately HK\$50,018,000 as at 1 April 2018 is now classified as contract liabilities.

Details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group’s foundation piling segment and property development segments are set out below:

Product/service	Nature of the goods or services, satisfaction of performance obligations and payment terms	Nature of change in accounting policy and impact on 1 April 2018
Provision of foundation piling works	<p>For the performance obligation related to the provision of foundation piling works, the Group determines that the customers control all the work in progress when the foundation piling work is provided. The work in progress is being enhanced during the terms of the contracts.</p> <p>Therefore, revenue from these contracts are recognised over time. Invoices are issued according to contractual terms and are usually payable within 30 days. Uninvoiced amounts are presented as contract assets.</p>	<p>HKFRS 15 did not result in significant impact on the Group’s accounting policies. However, upon the adoption of HKFRS 15, the Group has to make reclassification from retention receivables to contract assets since under HKFRS 15, if there is any satisfied performance obligation but where the Group does not have an unconditional right to consideration, the Group should recognised a contract asset.</p>

Product/service	Nature of the goods or services, satisfaction of performance obligations and payment terms	Nature of change in accounting policy and impact on 1 April 2018
Sales of properties	<p>Customers obtain control of the property units when customers obtain the physical possession or the legal title of properties are transferred to and the collection of the consideration is probable. Revenue is thus recognised upon when the customers accept the property units so transferred.</p> <p>Financing component Should the contract contain a significant financing component, the transaction price should reflect the time value of money. The Group is not required to consider the time value of money if the period between payment and the transfer of the property unit is one year or less, as a practical expedient. In assessing whether a contract contains a significant financing component, the Group considers various factors, including the length of time between when the Group expected to transfer the property unit to the customer and when the customer pays for them, and the interest rate in the contract and prevailing interest rates in the relevant market.</p> <p>For contracts where the period between the payment by the customer and transfer of the promised property or service exceeds one year, the transaction price should be adjusted for the effects of a financing component, if significant. The Group has assessed that the financing component effect was insignificant.</p>	<p>Upon the adoption of HKFRS 15, the Group has to make reclassification from deposits received for sales of properties to contract liabilities.</p> <p>There is no financing component considered necessary by the Group.</p>
Provision of property management services	<p>For property management services contracts, the Group recognises revenue equal to the right to invoice amount when it corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The Group has assessed that revenue is recognised when relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by the Group's performance. The Group bills a fixed amount for each month for services provided and recognises as revenue in the amount to which the Group has a right to invoice and corresponds directly with the value of performance completed.</p>	<p>HKFRS 15 did not result in significant impact on the Group's accounting policies.</p>

Amendments to HKFRS 15 — Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The adoption of these amendments has no impact on these consolidated financial statements as the Group had not previously adopted HKFRS 15 and took up the clarifications in this, its first year.

HK(IFRIC)–Int 22 — Foreign Currency Transactions and Advance Consideration

The interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The interpretation specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The adoption of this interpretation has no material impact on these consolidated financial statements as all the times the Group determines the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

Amendments to HKFRS 2 — Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The adoption of these amendments has no impact on these consolidated financial statements as the Group does not have any cash-settled share-based payment transaction and has no share-based payment transaction with net settlement features for withholding tax.

Annual Improvements to HKFRSs 2014–2016 Cycle — Amendments to HKAS 28, Investments in Associates and Joint Ventures

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 28 “Investments in Associates and Joint Ventures” clarifying that a venture capital organisation’s permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

The adoption of these amendments has no impact on these consolidated financial statements as the Group is not a venture capital organisation.

(b) New or amended HKFRSs that have been issued but not yet effective

The following new or amended HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group:

HKFRS 16	Leases ¹
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments ¹
Amendments to HKAS 1 and HKAS 8	Definition of Material ²
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ¹
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ¹
Amendments to HKFRS 3	Definition of a Business ³
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3, Business Combinations ¹
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 12, Income Taxes ¹
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 23, Borrowing Costs ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

¹ Effective for annual periods beginning on or after 1 January 2019.

² Effective for annual periods beginning on or after 1 January 2020.

³ Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

⁴ The amendments were originally intended to be effective for periods beginning on or after 1 January 2017. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

HKFRS 16 — Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 “Leases” and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Application of HKFRS 16 will result in the Group's recognition of right-of-use assets and corresponding liabilities in respect of its operating lease arrangements. These assets and liabilities are currently not required to be recognised. As at 31 March 2019, the Group had non-cancellable operating lease commitments of approximately HK\$1,557,000. The directors of the Company made an assessment of the impact of adopting the above standards to the Group. It indicated that these arrangements would meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the Group's consolidated statement of financial position. However, the adoption would not have significant impact on the Group's financial performance.

Except as described above, the Directors are not yet in a position to state whether these new or amended HKFRSs that have been issued but are not yet effective will result in substantial changes to the Group's accounting policies and consolidated financial statements.

4. OPERATING SEGMENT INFORMATION

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

- (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 resorts development and operation: Provision of elderly home care, healthcare and leisure services.

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

Year ended 31 March 2019

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

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

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

Year ended 31 March 2018 (*Restated*)

	Continuing operations				Discontinued operation	
	Foundation piling <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Healthcare holiday resorts development and operation <i>HK\$'000</i>	Total <i>HK\$'000</i>	Food and beverage <i>HK\$'000</i> <i>(Note 10)</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 loss from 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
Segment assets		113,289	736,079	952	2,051,981	2,902,301
Reconciliation:						
Interest in an associate						43,094
Tax recoverable						351
Corporate and other unallocated assets (<i>Note</i>)						57,067
Total assets						3,002,813
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

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

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 equity instruments at FVTPL (2018: available-for-sale investments) and other receivables.

	Revenue from external customers		Non-current assets	
	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Hong Kong	81,817	220,041	22,593	24,101
Mainland China	337,945	518,106	2,135,477	2,089,056
	<u>419,762</u>	<u>738,147</u>	<u>2,158,070</u>	<u>2,113,157</u>

5. REVENUE

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Continuing operations		
Contract income of foundation piling works	81,817	220,041
Sales of properties	331,994	516,293
Provision of properties management services	5,951	1,813
	<u>419,762</u>	<u>738,147</u>

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Continuing operations		
Interest income	6,334	14,769
Dividend income from equity investments at fair value through profit or loss	6	425
Gain on disposal of items of property, plant and equipment, net	3,143	10,223
Fair value (loss)/gain on investment properties under construction	(27,331)	17,407
Impairment loss recognised on other receivable	–	(2,374)
Write-back of provision for long service payment	284	1,326
Others	2,352	3,499
	<u>(15,212)</u>	<u>45,275</u>

7. FAIR VALUE (LOSS)/GAIN ON EQUITY INVESTMENTS, NET

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Continuing operations		
Fair value (loss)/gain on equity investments		
at fair value through profit or loss, net	(8,676)	6,040
Gain on disposal of equity instruments at fair value through profit or loss, net of transaction cost	–	1,481
(Loss)/gain on disposal of equity investments at fair value through profit or loss, net	(49)	58,072
	<u>(8,725)</u>	<u>58,072</u>
	<u>(8,725)</u>	<u>65,593</u>

8. FINANCE COSTS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Continuing operations		
Interest on bank and other loans	96,575	106,898
Interest on loan from a related company	2,256	2,473
Less: Imputed interest capitalised into construction in progress and investment properties under construction	(14,746)	(15,503)
	<u>84,085</u>	<u>93,868</u>

9. LOSS BEFORE TAX

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i> <i>(Restated)</i>
Continuing operations		
Auditor's remuneration	1,847	1,540
Cost of properties sold	215,838	598,393
Cost of services provided	4,400	5,300
Depreciation	11,812	27,193
Foreign exchange differences, net	21,235	10,275
Write-down of completed properties held for sales to net realisable value	–	20,531
Write-down of properties under development to net realisable value	–	2,026
Minimum lease payments under operating leases	3,161	1,549
Employee benefit expenses	62,657	106,300
	<u>62,657</u>	<u>106,300</u>

10. DISCONTINUED OPERATION

On 17 July 2017, the Company disposed of its 100% equity interest in Pride Review Limited and its subsidiaries (“**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 consolidated statement of profit or loss and other comprehensive income of the Pride Review Group are as follow:

	For period ended 17 July 2017 <i>HK\$'000</i>
Revenue	7,866
Cost of services	<u>(2,252)</u>
Gross profit	5,614
Administrative expenses	<u>(2,939)</u>
Profit before tax from the discontinued operation	2,675
Income tax	<u>–</u>
Profit from the discontinued operation	2,675
Loss on disposal of the Pride Review Group	<u>(2,286)</u>
Profit for the year from the discontinued operation	<u><u>389</u></u>

11. INCOME TAX CREDIT

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 March 2018; and at 8.25% on the first HK\$2,000,000 of estimated assessable profits and at 16.5% for the portion of the estimated assessable profits above HK\$2,000,000 for the year ended 31 March 2019.

Enterprise Income Tax arising from the PRC is calculated at 25% (2018: 25%) of the estimated assessable profits.

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i> <i>(Restated)</i>
Charge for the year:		
Current – Hong Kong Profits Tax	–	193
Current – PRC Enterprise Income Tax	25,355	27,062
Current – PRC Land Appreciation Tax	6,939	11,274
Deferred tax for the year	<u>(34,280)</u>	<u>(47,737)</u>
Tax credit for the year	<u><u>(1,986)</u></u>	<u><u>(9,208)</u></u>

12. DIVIDENDS

No dividend paid or proposed during the year ended 31 March 2019, nor has any dividend been proposed since the end of the reporting period (2018: Nil).

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

Calculation of the basic loss per share is based on:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i> <i>(Restated)</i>
(Loss)/profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation:		
From continuing operations	(200,114)	(214,164)
From a discontinued operation	–	389
	<u>–</u>	<u>389</u>
Loss attributable to ordinary equity holders of the Company	<u>(200,114)</u>	<u>(213,775)</u>

Dilutive loss per share is the same as the basic loss per share as the Group had no dilutive potential ordinary shares outstanding during the years ended 31 March 2019 and 2018.

	Number of share(s)	
	2019	2018
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	<u>9,074,000,000</u>	<u>8,945,780,000</u>

14. TRADE AND RETENTION RECEIVABLES

An ageing analysis of the trade receivables from construction contracts for foundation piling works as at the end of the reporting period, based on the invoice date, is as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
With 30 days	4,546	10,767
31 to 60 days	159	13,217
61 to 90 days	14,651	–
Over 90 days	1,010	728
	<u>20,366</u>	<u>24,712</u>
Retention receivables	<u>–</u>	<u>17,697</u>
	<u>20,366</u>	<u>42,409</u>

15. TRADE PAYABLES

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Within 30 days	1,594	10,166
31 to 60 days	1,186	3,193
61 to 90 days	13,721	23
Over 90 days	23,903	8,511
	<u>40,404</u>	<u>21,893</u>

16. CONTRACT ASSETS AND LIABILITIES

	31 March 2019 <i>HK\$'000</i>	1 April 2018 <i>HK\$'000</i> <i>(Note 3(a))</i>	31 March 2018 <i>HK\$'000</i>
Contract assets arising from:			
Foundation piling	<u>3,930</u>	<u>9,636</u>	<u>—</u>
Contract liabilities arising from:			
Sales of properties	<u>(40,361)</u>	<u>(48,087)</u>	<u>—</u>
Provision of property management services	<u>(1,954)</u>	<u>(1,931)</u>	<u>—</u>
	<u>(42,315)</u>	<u>(50,018)</u>	<u>—</u>

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

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

Foundation piling

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

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

Sales of properties

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

Provision of property management services

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

The following table shows the revenue recognised in the current year related to carried-forward contract liabilities and the performance obligations being satisfied in prior periods.

	<i>HK\$'000</i>
Balance as at 1 April 2018 (<i>Note</i>)	50,018
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(45,923)
Increase in contract liabilities as a result of billing in advance, excluding those recognised as revenue in the current year	<u>38,220</u>
Balance as at 31 March 2019	<u><u>42,315</u></u>

Note:

The Group has initially applied HKFRS 15 using the cumulative effect method and adjusted the opening balance at 1 April 2018. Upon the adoption of HKFRS 15, amounts previously included as “Retention receivables” and “Deposit received and receipt in advance” have been reclassified to “contract assets” and “contract liabilities”.

17. ACQUISITION OF ASSETS AND LIABILITIES

On 30 September 2016, the Group entered into a sale and purchase agreement with Boill International Co., Limited for acquisition of 68% interest in Anway Real Estate Limited 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:

	<i>HK\$'000</i>
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. SHARE CAPITAL

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

	2019		2018	
	<i>Number of shares</i>	<i>HK\$'000</i>	<i>Number of shares</i>	<i>HK\$'000</i>
Authorised:				
Ordinary shares of HK\$0.025 each	<u>16,000,000,000</u>	<u>400,000</u>	<u>16,000,000,000</u>	<u>400,000</u>

	Number of shares in issue	Share capital HK\$'000
Issued and fully paid:		
At 1 April 2017	6,474,000,000	161,850
Issue of new shares (<i>Note</i>)	<u>2,600,000,000</u>	<u>65,000</u>
At 31 March 2018 and 2019	<u>9,074,000,000</u>	<u>226,850</u>

Note:

On 30 September 2016, the Company entered a subscription agreement with Liyao Investment Limited (“Subscriber”), pursuant to which the Subscriber has agreed to subscribe for, and the Company has agreed to allot and issue, a total of 2,600,000,000 ordinary share of the Company (“Subscription Shares”) at issue price of HK\$0.20 per Subscription Share for an aggregate amount of HK\$520,000,000. Details of which are set out in the Company’s circular dated 26 January 2017 and announcement dated 19 April 2017.

19. PRIOR YEAR ADJUSTMENTS

(a) Recognition of income tax expense

In preparation of the consolidated financial statements for the year ended 31 March 2019, the management has discovered errors in its consolidated financial statements for the years ended 31 March 2018 and 2017. Such errors were related to the calculation of income tax expenses of a wholly-owned subsidiary of the Company, which is engaged in property development in the PRC.

The income tax expenses of the subsidiary were understated by approximately HK\$26,439,000 and approximately HK\$8,515,000 in the consolidated financial statements for the years ended 31 March 2018 and 2017 as the provisions of the income tax expense were not in accordance with relevant rules and regulations related to Enterprise Income Tax in the PRC.

(b) Reclassification

Certain comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated for the followings:

- Reclassification of write-down of completed properties held for sales to net realisable value of approximately HK\$20,531,000 and write-down of properties under development to net realisable value of approximately HK\$2,026,000 from cost of sales and those amounts are presented on their own.

Impact on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2018:

	As previously reported <i>HK\$'000</i>	Prior year adjustments <i>HK\$'000</i>	As restated <i>HK\$'000</i>
CONTINUING OPERATIONS			
Cost of sales	(846,758)	22,557	(824,201)
Write-down of completed properties held for sales to net realised value	–	(20,531)	(20,531)
Write-down of properties under development to net realisable value	–	(2,026)	(2,026)
LOSS BEFORE TAX	(231,264)	–	(231,264)
Income tax credit/(expense)	35,647	(26,439)	9,208
Profit for the period from a discontinued operation	389	–	389
LOSS FOR THE YEAR	(195,228)	(26,439)	(221,667)
OTHER COMPREHENSIVE INCOME/(EXPENSE)			
Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods:			
Exchange differences arising on translation to presentation currency	165,244	(1,354)	163,890
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR, NET OF TAX	163,079	(1,354)	161,725
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	<u>(32,149)</u>	<u>(27,793)</u>	<u>(59,942)</u>
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company			
From continuing operations	(187,725)	(26,439)	(214,164)
From a discontinued operation	389	–	389
Non-controlling interests	(7,892)	–	(7,892)
	<u>(195,228)</u>	<u>(26,439)</u>	<u>(221,667)</u>
Total comprehensive expense for the year attributable to:			
Owners of the Company:			
– from continuing operations	(74,207)	(27,793)	(102,000)
– from a discontinued operation	389	–	389
Non-controlling interests	41,669	–	41,669
	<u>(32,149)</u>	<u>(27,793)</u>	<u>(59,942)</u>
Basic and diluted earnings per share (<i>HK cents</i>)			
– For loss from continuing and discontinuing operation	2.09	0.30	2.39
– For loss from continuing operations	2.12	0.27	2.39

Impact on the consolidated statement of financial position as at 31 March 2018:

	As previously reported <i>HK\$'000</i>	Prior year adjustments <i>HK\$'000</i>	As restated <i>HK\$'000</i>
CURRENT ASSETS			
Tax recoverable	36,659	(36,308)	351
Total current assets	<u>925,772</u>	<u>(36,308)</u>	<u>889,464</u>
NET CURRENT LIABILITIES	<u>(223,971)</u>	<u>(36,308)</u>	<u>(260,279)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,889,378</u>	<u>(36,308)</u>	<u>1,853,070</u>
Net assets	<u>1,558,794</u>	<u>(36,308)</u>	<u>1,522,486</u>
Total equity	<u><u>1,558,794</u></u>	<u><u>(36,308)</u></u>	<u><u>1,522,486</u></u>

Impact on the consolidated statement of financial position as at 1 April 2017:

	As previously reported <i>HK\$'000</i>	Prior year adjustments <i>HK\$'000</i>	As restated <i>HK\$'000</i>
CURRENT ASSETS			
Tax recoverable	16,568	(8,515)	8,053
Total current assets	<u>1,717,021</u>	<u>(8,515)</u>	<u>1,708,506</u>
NET CURRENT ASSETS	<u>574,811</u>	<u>(8,515)</u>	<u>566,296</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>653,238</u>	<u>(8,515)</u>	<u>644,723</u>
Net assets	<u>553,296</u>	<u>(8,515)</u>	<u>544,781</u>
Total equity	<u><u>553,296</u></u>	<u><u>(8,515)</u></u>	<u><u>544,781</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

FOUNDATION PILING

The Group undertakes foundation piling projects in both the public sector and the private sector in Hong Kong. Due to the keen competition in the foundation piling market, the revenue recognised for the year ended 31 March 2019 (“**FY2019**”) was approximately HK\$81.8 million (2018: approximately HK\$220.0 million), representing a significant drop of 62.8%, compared with the year ended 31 March 2018 (“**FY2018**”).

Facing the intense competition in the foundation piling market and the limited public projects available, the Group was undergoing hardship and this segment recorded loss continuously for FY2019 and FY2018. The prospects of the foundation piling industry are not expected to improve in the short and medium term.

The Group had disposed idle machinery at the consideration of approximately HK\$12.2 million during FY2019 in order to generate cash proceeds to sustain the daily operations of foundation piling.

PROPERTY DEVELOPMENT

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

In FY2019, the Group recorded revenue of approximately HK\$337.9 million, representing a decline of 34.8% over such period. Such decline was mainly attributable to the weakened demand of our potential home buying customers due to deterioration of their overall financial condition brought by the uncertain global macro-economic environment.

The Group expects the remaining properties will be sold out by the second half of the year 2019.

HEALTHCARE HOLIDAY RESORTS DEVELOPMENT AND OPERATION

The Group has developed a resorts project located at No.1 Sheyuan Road, Sheshan Town, Songjiang District, Shanghai of the PRC. It comprises a parcel of land with a total site area of approximately 150,601 square meters and a total gross floor area of approximately 75,339 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 and service fee income from the customers.

The development consists of 3 phases. The construction works of Phase 1 and Phase 2 have been completed, and the leasable units which are currently undergoing internal and external decoration are scheduled to be leased out in August 2019, while construction of Phase 3 is scheduled in October 2019.

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

Tengchong Project consists of thirteen parcels of land located in Ma Zhan Town, Xinglong Village, Tengchong City, Yunnan Province of the PRC, 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. It is expected that Tengchong Project will generate revenue from the sale of holiday products comprising the holiday resorts and operations of hotel, commercial and cultural tourism facilities and other auxiliary items.

INVESTMENT SECURITIES

As at 31 March 2019, the Group had equity investments at fair value through profit or loss of approximately HK\$6.3 million (as at 31 March 2018: approximately HK\$14.9 million) and no more available-for-sale investments (as at 31 March 2018: approximately HK\$0.2 million). All these investments were equity securities listed on the Stock Exchange.

The Group recorded a loss on disposal of equity instrument of approximately HK\$49,000 (FY2018: a gain on disposal: approximately HK\$58.1 million) and fair value loss of equity instrument of approximately HK\$8.7 million for FY2019 (FY2018: fair value gain: approximately HK\$6.0 million).

FINANCIAL REVIEW

Revenue

The revenue of the Group for FY2019 was approximately HK\$419.8 million, representing a decrease of approximately HK\$318.4 million or 43.1% compared to FY2018.

The decrease was primarily due to fewer public projects in the foundation piling business following serious delay in the approval of new infrastructure projects by the Legislative Council of Hong Kong and the Legco Finance Committee. The revenue contributed by the foundation piling segment dropped by approximately HK\$138.2 million for FY2019, representing a decrease of 62.8% over FY2018.

Another reason for the decrease in revenue was mainly attributable to the weakened demand of our potential home buying customers in the PRC due to deterioration of their overall financial condition brought by the uncertain global macro-economic environment. The revenue from the property development dropped by approximately HK\$180.2 million for FY2019, representing a decline of 34.8%.

Gross loss

The gross loss of the Group was approximately HK\$10.4 million for FY2019, representing a substantial decrease of 87.9% over FY2018.

The substantial decrease in gross loss was mainly due to higher profit margin derived from sales of properties and lesser losses incurred from the foundation piling projects.

Selling and distribution expenses

The selling and distribution expenses of the Group, which were mainly incurred in the property development business, decreased from approximately HK\$22.1 million for FY2018 to approximately HK\$12.7 million for FY2019. The decrease was mainly due to the drop in the revenue of property development.

Administrative and other expenses

The administrative and other expenses of the Group for FY2019 was approximately HK\$80.0 million, representing a decrease of approximately HK\$26.3 million over FY2018. Such decrease was mainly due to layoffs in the foundation piling segment in view of lesser projects tendered for FY2019.

Finance costs

The finance costs of the Group decreased from approximately HK\$93.9 million for FY2018 to approximately HK\$84.1 million for FY2019, representing a decrease of approximately HK\$9.8 million. Such decrease was mainly due to the early repayment of other borrowings.

Income tax credit

The income tax credit was approximately HK\$2.0 million for FY2019, representing a drop of 78.4% over FY2018. The drop was mainly due to the substantial decrease in the gross loss, resulting in lesser tax credit being recognized.

Net loss

The net loss of the Group for FY2019 was approximately HK\$223.9 million as compared to approximately HK\$221.7 million for FY2018.

The Group's overall performance was not satisfactory as the substantial net loss was still incurred from the foundation piling business and property development business during FY2019. The Group will cautiously tender foundation piling projects in order to derive reasonable profit margin. For the property development business, the Group will explore different financing channels to acquire land reserve or properties development companies.

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 and has been fully utilized 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 2019)	Unused amount <i>(approximately HK\$ million)</i> (as at 31 March 2019)
Acquisition of machineries and equipment	51.9	64.9	64.9	–
Hiring additional staff	12.0	15.0	15.0	–
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>99.9</u>	<u>–</u>

BUSINESS PROSPECTS

Foundation Piling

The performance of the foundation industry has still been negatively affected by the limited availability of public projects available and intensive competition in the market. The growing number of competitors listed on the Stock Exchange allows them to have more funds for expansion. Profit margin has also been adversely affected by increasing labour and operating costs and keen competition in the foundation 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

The Group will consider to obtain premium land sites through tender, auction and listing in the open market through forming joint venture enterprises with other property developers. This is because joint venture enterprises enjoy advantages in land acquisitions, financing, marketing and pricing power.

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. 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 2019, the interest-bearing borrowings of the Group consisted of a loan from a related company of approximately HK\$159.2 million (as at 31 March 2018: approximately HK\$68.2 million), bank loans of approximately HK\$263.1 million (as at 31 March 2018: approximately HK\$368.3 million) and other borrowings of approximately HK\$630.1 million (as at 31 March 2018: approximately HK\$787.0 million).

As at 31 March 2019, the Group's bank loan of approximately HK\$263.1 million were secured by construction in progress and investment properties under construction of the Group with total carrying value of approximately HK\$2,134.5 million. The Group's other loan of approximately HK\$630.1 million were secured by equity interests of an associate and certain subsidiaries with the pledged deposits of approximately RMB60 million 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 2019, the Group had net current liabilities of approximately HK\$938.8 million (as at 31 March 2018: net current liabilities of approximately HK\$260.3 million) and cash and bank deposits (excluding restricted cash) of approximately HK\$62.1 million (as at 31 March 2018: approximately HK\$210.4 million).

As at 31 March 2019, the gearing ratio of the Group (defined as total interest-bearing bank and other borrowings divided by the Group's total equity) was 75.0% (as at 31 March 2018: 75.9%).

The deterioration in the liquidity of the Group was mainly due to the construction cost of approximately HK\$322.6 million in the development of the investment properties and early repayment of other borrowings of approximately HK\$231.8 million during FY2019.

FOREIGN EXCHANGE RISK

Majorities of the Group's assets and cash flows were denominated in RMB, but major parts of the Group's interest-bearing borrowing were denominated in US dollars. During FY2019, the steady depreciation of RMB against US dollar or HK\$ had negative effect from translation as the reporting currency of the Group was HK\$. Apart from that, the management of the Company viewed that the change in exchange rate for RMB against foreign currencies did have significant impact on the Group's financial position and performance given that the functional currency of the Group was HK\$. During FY2019, the Group did not engage in any hedging activities and the Group has no intention to carry out any hedging activities in near future. The management of the Group will continue to closely monitor the foreign currency market and consider carrying out hedging activities when necessary.

COMMITMENTS

As at 31 March 2019, the Group had no capital commitments (as at 31 March 2018: approximately HK\$334.0 million) in respect of the development costs for property development business, and healthcare holiday resorts development and operation.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not carry out any material acquisition nor disposal of any subsidiary or associated company during FY2019.

CONTINGENT LIABILITIES

As at 31 March 2019, there were two 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 2019.

EMPLOYEE AND HUMAN RESOURCES POLICY

The Group had a total of 141 employees as at 31 March 2019, of which 124 employees worked in the PRC and 17 worked in Hong Kong. Employee remuneration packages are maintained at competitive levels and employees are rewarded through the Group's salary and bonus system. The Group provides adequate job training to employees to equip them with practical knowledge and skills.

Pursuant to a share option scheme adopted on 22 September 2013 (“**Share Option Scheme**”), the Board may grant options to directors (including non-executive directors and independent non-executive directors), employees of the Company and any of its subsidiaries and associated companies, to subscribe for shares of the Company. During 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 FY2019 (FY2018: 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

Except for the matters disclosed under the “Management Discussion and Analysis”, the Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2019 and up to the date of this annual results announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during FY2019.

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 (“**CG Code**”) as set out in Appendix 14 to the Listing Rules and align with the latest developments. Throughout FY2019, the Company had complied with the applicable code provisions (“**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. Mr. Hua Shan, Mr. Wang Zhe and Mr. Xu Liang Wei, the independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 30 August 2018 due to other work 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 (“**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 FY2019.

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 FY2019.

AUDIT COMMITTEE

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

SUFFICIENCY OF PUBLIC FLOAT

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

SCOPE OF WORK OF BDO LIMITED

The financial information has been reviewed by the Audit Committee and approved by the Board. The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for FY2019 as set out in this announcement have been agreed by the Company’s auditor, BDO Limited (“**BDO**”), to the amounts set out in the Group’s consolidated financial statements for FY2019. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO on this preliminary results announcement.

AUDIT OPINION

BDO issued an opinion with an emphasis of matter on the consolidated financial statements of the Group for FY2019. An extract of the independent auditor’s report is set out in the section headed “**EXTRACT OF THE INDEPENDENT AUDITOR’S REPORT**” below.

EXTRACT OF THE INDEPENDENT AUDITOR’S REPORT

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to the consolidated financial statements, which indicates that the Group incurred a net loss of HK\$223,867,000 during the year ended 31 March 2019 and, as of that date, the Company’s current liabilities exceeded its current assets by HK\$938,780,000. The Group’s ability to meet these liquidity requirements depends on its ability to obtain sufficient cash resources through refinancing agreements from a related party and the substantial shareholder of the Company and the related party and the substantial shareholder can realise their cash to the Group in the required timescale. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 19 August 2019 to 23 August 2019, both days inclusive, during which period no transfer of Shares will be effected. In order to be entitled to attend and vote at the forthcoming annual general meeting of the Company to be held on 23 August 2019, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22 (for lodgment of documents on or before 11 July 2019) and Level 54 (for lodgments of documents on or after 11 July 2019), Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on 16 August 2019.

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 FY2019 will be dispatched to the Shareholders and published on the same websites in due course.

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

Hong Kong, 28 June 2019

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