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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)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

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, the “**Group**”) for the six months ended 30 September 2020, together with the comparative figures for the corresponding period in 2019 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 AND OTHER COMPREHENSIVE INCOME**

		<b>For the six months ended 30 September</b>	
	<i>Notes</i>	<b>2020</b>	<b>2019</b>
		<b>HK\$’000</b>	<b>HK\$’000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	6	<b>19,636</b>	65,149
Cost of sales		<b>(23,965)</b>	(67,316)
Gross loss		<b>(4,329)</b>	(2,167)
Other income and gains or (losses), net		<b>4,080</b>	3,155
Fair value gain on investment properties		<b>727</b>	43,910
Fair value loss on equity instruments, net		<b>(2,178)</b>	(464)
Selling and distribution expenses		<b>(4,183)</b>	(4,176)
Administrative and other expenses		<b>(30,937)</b>	(19,633)
Share of loss from an associate		<b>(2,617)</b>	(8,783)
Finance costs	7	<b>(45,466)</b>	(36,322)

		<b>For the six months ended</b>	
		<b>30 September</b>	
	<i>Notes</i>	<b>2020</b>	2019
		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>LOSS BEFORE TAX</b>	8	<b>(84,903)</b>	(24,480)
Income tax credit/(expense)	9	<u><b>4,833</b></u>	<u>(24,712)</u>
<b>LOSS FOR THE PERIOD</b>		<u><b>(80,070)</b></u>	<u>(49,192)</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that may be reclassified to profit or loss in the subsequent periods:			
Exchange differences arising on translation to presentation currency		<b>57,166</b>	(81,370)
Share of other comprehensive income of an associate		<u><b>622</b></u>	<u>–</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>		<u><b>57,788</b></u>	<u>(81,370)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u><b>(22,282)</b></u>	<u>(130,562)</u>
<b>LOSS FOR THE PERIOD ATTRIBUTABLE TO:</b>			
Owners of the Company		<b>(71,197)</b>	(59,872)
Non-controlling interests		<u><b>(8,873)</b></u>	<u>10,680</u>
		<u><b>(80,070)</b></u>	<u>(49,192)</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>			
Owners of the Company		<b>(29,209)</b>	(126,802)
Non-controlling interests		<u><b>6,927</b></u>	<u>(3,760)</u>
		<u><b>(22,282)</b></u>	<u>(130,562)</u>
<b>LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			(Adjusted)
Basic and diluted	11	<u><b>HK7.85 cent</b></u>	<u>HK6.60 cent</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2020 <i>HK\$'000</i> (Unaudited)	At 31 March 2020 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		499,828	488,810
Investment properties	12	1,523,621	1,465,424
Interest in an associate		15,275	17,270
		2,038,724	1,971,504
<b>Total non-current assets</b>			
<b>CURRENT ASSETS</b>			
Inventories		613	–
Completed properties held for sale		9,183	27,154
Contract assets		836	2,049
Trade receivables	13	67	176
Prepayments, deposits and other receivables	14	57,068	83,680
Due from a related company	20(c)	–	206
Equity instruments at fair value through profit or loss		1,074	3,252
Restricted cash		317	730
Cash and cash equivalents		29,785	94,926
		98,943	212,173
<b>Total current assets</b>			
<b>CURRENT LIABILITIES</b>			
Trade payables	15	634	1,330
Contract liabilities		25,010	26,392
Other payables and accruals	16	71,655	66,390
Due to related companies	20(a) to (b)	251,892	252,606
Due to a director		263	253
Borrowings	17	273,416	725,855
Tax payables		901	1,024
		623,771	1,073,850
<b>Total current liabilities</b>			

		At 30 September 2020 <i>HK\$'000</i> (Unaudited)	At 31 March 2020 <i>HK\$'000</i> (Audited)
<b>NET CURRENT LIABILITIES</b>		<u>(524,828)</u>	<u>(861,677)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,513,896</u>	<u>1,109,827</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	17	640,877	212,083
Deferred tax liabilities		<u>1,492</u>	<u>3,935</u>
<b>Total non-current liabilities</b>		<u>642,369</u>	<u>216,018</u>
<b>Net assets</b>		<u>871,527</u>	<u>893,809</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	18	226,850	226,850
Reserves		<u>151,148</u>	<u>180,357</u>
		377,998	407,207
Non-controlling interests		<u>493,529</u>	<u>486,602</u>
<b>Total equity</b>		<u>871,527</u>	<u>893,809</u>

# 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 P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is located at Unit 3704, 37/F, Shun Tak Centre West Tower, 168–200 Connaught Road Central, Sheung Wan, Hong Kong.

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

## 2. BASIS OF PRESENTATION

During the six months ended 30 September 2020, the Group has incurred a loss of HK\$80,070,000 and at the end of reporting period, its current liabilities exceeded its current assets by HK\$524,828,000. Furthermore, the Group had amounts due to related parties of approximately HK\$251,892,000 and other borrowing of approximately HK\$273,416,000 (note 17) that are due for repayment within one year from 30 September 2020 respectively. These events or conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern and, therefore, that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In the opinion of the board of directors (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) obtained in June 2019 a loan credit facility (the “**Facility**”) from a related party and the substantial shareholder of the Company of RMB900,000,000. The Facility is unsecured, interest bearing of 5% per annum and repayable within a period of twenty-four months from drawdown date of loans under the Facility. Together with another credit facility obtained in March 2020 with an unutilised amount of RMB200,000,000 (equivalent to approximately HK\$227,440,000) as at the date of authorisation for issue of these unaudited condensed consolidated interim financial information, these available facilities would be used to settle the aforesaid other borrowings;
- (ii) the Group will be able to fully recover all outstanding loan and interest receivable from an independent third party on the maturity date; and
- (iii) proceeds received from selling of the completed properties held for sale and leasing of investment properties located in The People’s Republic of China (the “**PRC**”).

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

The unaudited condensed consolidated interim financial information does 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. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information has been prepared in accordance with the disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The unaudited condensed consolidated interim financial information does 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 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all HKFRSs, HKASs and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), except for the adoption of the new or amended 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 2020 has been prepared under the historical cost convention, except for investment properties, investment properties under construction and certain of financial instruments measured at fair value through profit or loss, 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 HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 3, Definition of a Business
- Amendments to HKAS 1 and HKAS 8, Definition of Material
- Amendments to HKFRS 9, HKAS 39 and HKFRS 7, Interest Rate Benchmark Reform
- Conceptual Framework for Financial Reporting 2018, Revised Conceptual Framework for Financial Reporting

The above new or amended HKFRSs that became effective on 1 April 2020 did not have any significant impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated interim financial information.

### 5. USE OF JUDGEMENTS AND ESTIMATES

In preparing these unaudited condensed consolidated interim financial information, the significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2020 annual financial statements.

## 6. 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's reportable segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- i. Property development: sale of properties and provision of property management services;
- ii. Healthcare holiday resort development and operation: sale of properties, rental income, provision of elderly home care, healthcare and leisure services;
- iii. Foundation piling: contracts for foundation piling business; and
- iv. Securities investment: trading and investment in 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 that interest income, share of loss of an associate, finance costs as well as head office and corporate income and expenses are excluded from such measurement.

Segment assets exclude interest in an associate, amount due from a related company 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, borrowings, tax payables, 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 2020*

	Property development <i>HK\$'000</i> (Unaudited)	Healthcare holiday resort development and operation <i>HK\$'000</i> (Unaudited)	Foundation piling <i>HK\$'000</i> (Unaudited)	Securities investment <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Revenue from external customers	<u>14,593</u>	<u>4,371</u>	<u>672</u>	<u>–</u>	<u>19,636</u>
Segment results	<u>(5,156)</u>	<u>(17,293)</u>	<u>(1,427)</u>	<u>(13,638)</u>	<u>(37,514)</u>
Interest income					2,238
Corporate and other unallocated income and expenses, net					(1,544)
Share of loss from an associate					(2,617)
Finance costs					<u>(45,466)</u>
Loss before tax					<u><u>(84,903)</u></u>
<i>Other segment information:</i>					
Depreciation	(15)	(8,735)	(34)	(14)	(8,798)
Fair value loss on equity instruments at fair value through profit or loss	–	–	–	(2,178)	(2,178)
Fair value gain on investment properties	–	727	–	–	727
Loss on disposal of investment properties	–	(100)	–	–	(100)
Gain on disposal of items of property, plant and equipment	–	–	90	–	90
Reversal of impairment loss on loans and interest receivables	<u>1,215</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,215</u>

*Six months ended 30 September 2019*

	Property development <i>HK\$'000</i> (Unaudited)	Healthcare holiday resort development and operation <i>HK\$'000</i> (Unaudited)	Foundation piling <i>HK\$'000</i> (Unaudited)	Securities investment <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
<b>Revenue from external customers</b>	<u>60,260</u>	<u>530</u>	<u>4,359</u>	<u>–</u>	<u>65,149</u>
<b>Segment results</b>	<u>(8,806)</u>	<u>30,494</u>	<u>1,586</u>	<u>(1,077)</u>	22,197
<b>Interest income</b>					2,697
<b>Corporate and other unallocated income and expenses, net</b>					(4,269)
<b>Share of loss from an associate</b>					(8,783)
<b>Finance costs</b>					<u>(36,322)</u>
<b>Loss before tax</b>					<u><u>(24,480)</u></u>
<i>Other segment information:</i>					
Depreciation	(101)	(268)	(52)	(16)	(437)
Fair value loss on equity instruments at fair value through profit or loss	–	–	–	(464)	(464)
Fair value gain on investment properties	–	43,910	–	–	43,910
Gain on disposal of items of property, plant and equipment	<u>–</u>	<u>–</u>	<u>30</u>	<u>–</u>	<u>30</u>

*As at 30 September 2020*

	Property development <i>HK\$'000</i> (Unaudited)	Healthcare holiday resort development and operation <i>HK\$'000</i> (Unaudited)	Foundation piling <i>HK\$'000</i> (Unaudited)	Securities investment <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment assets	<u>69,588</u>	<u>2,032,034</u>	<u>10,019</u>	<u>9,576</u>	2,121,217
<i>Reconciliation:</i>					
Interest in an associate					15,275
Corporate and other unallocated assets					<u>1,175</u>
Total assets					<u>2,137,667</u>
Segment liabilities	<u>9,964</u>	<u>80,434</u>	<u>2,025</u>	<u>5,139</u>	97,562
<i>Reconciliation:</i>					
Due to related companies					251,892
Borrowings					914,293
Tax payables					901
Deferred tax liabilities					<u>1,492</u>
Total liabilities					<u>1,266,140</u>

*As at 31 March 2020*

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

**7. FINANCE COSTS**

An analysis of finance costs is as follows:

	<b>Six months ended 30 September</b>	
	<b>2020</b>	<b>2019</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Interest on borrowings	<b>44,864</b>	41,096
Interest on loan from a related company	<b>602</b>	778
Less: Imputed interest capitalised into construction in progress and investment properties	<u>—</u>	<u>(5,552)</u>
	<u><b>45,466</b></u>	<u>36,322</u>

## 8. LOSS BEFORE TAX

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

	Six months ended 30 September	
	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Interest income	(2,238)	(2,697)
Cost of properties sold	18,543	59,962
Cost of services provided	3,414	1,098
Depreciation	8,798	437
Foreign exchange differences, net	5,667	5,807
Gain on disposal of items of property, plant and equipment	(90)	(30)
Loss on disposal of investment properties	100	–
Reversal of impairment loss on loans and interest receivables	(1,215)	–
Minimum lease payments for short-term leases	–	1,119
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	8,229	8,772
Pension scheme contributions	647	869
Less: Amount capitalised	–	(1,120)
	<b>8,876</b>	<b>8,521</b>

## 9. INCOME TAX (CREDIT)/EXPENSE

For the six months ended 30 September 2020, Hong Kong Profits Tax of the selected entity was calculated at 8.25% (2019: 8.25%) of the first HK\$2,000,000 estimated assessable profits and 16.5% (2019: 16.5%) of the remaining estimated assessable profits. Hong Kong Profits Tax for the remaining entities within the Group was calculated at 16.5% (2019: 16.5%) of the estimated assessable profits for the six months ended 30 September 2020. There was no estimated assessable profits for the six months ended 30 September 2020 (2019: Nil).

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

The provision of The People's Republic of China Land Appreciation Tax (the “PRC LAT”) is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. PRC 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.

	Six months ended 30 September	
	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Charged for the period:		
Current – PRC EIT	–	17,078
Current – PRC LAT	245	11,792
Over provision in respect of prior years	(2,635)	–
Deferred tax for the period	(2,443)	(4,158)
Income tax (credit)/expense for the period	<b>(4,833)</b>	<b>24,712</b>

## 10. DIVIDENDS

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2020 (2019: Nil).

## 11. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	Six months ended 30 September	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company	<u>71,197</u>	<u>59,872</u>
	Number of shares	
	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
		(Adjusted)
Issued ordinary shares at beginning of period	9,074,000,000	9,074,000,000
Effect of share consolidation ( <i>Note a</i> )	<u>(8,166,600,000)</u>	<u>(8,166,600,000)</u>
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	<u>907,400,000</u>	<u>907,400,000</u>

*Note:*

- (a) On 16 September 2020, every ten issued and unissued shares of the Company were consolidated into one share of the Company.

Comparative figure of the weighted average number of shares for calculating basic loss per share and diluted loss per share have been adjusted on the assumption that the share consolidation have been effective in the prior period.

The Group had no potentially dilutive ordinary shares in issue for the six months ended 30 September 2020 and 2019.

## 12. INVESTMENT PROPERTIES

	<b>Completed</b> <i>HK\$'000</i>	<b>Under Construction</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>At 1 April 2020 (audited)</b>	774,405	691,019	1,465,424
Additions	740	–	740
Disposals	(2,213)	–	(2,213)
Gain/(loss) from a fair value adjustment	7,476	(6,749)	727
Exchange realignment	31,326	27,617	58,943
	<u>811,734</u>	<u>711,887</u>	<u>1,523,621</u>
<b>At 30 September 2020 (unaudited)</b>	<u>811,734</u>	<u>711,887</u>	<u>1,523,621</u>

At 30 September 2020, the Group's investment properties with carrying amount of HK\$1,505,084,000 (as at 31 March 2020: HK\$1,447,603,000) were pledged to secure borrowings granted to the Group (Note 17).

The Group's investment properties planned to hold under operating leases to earn rentals or for capital appreciation purposes.

## 13. TRADE RECEIVABLES

	<b>30 September 2020</b> <i>HK\$'000</i> <b>(Unaudited)</b>	31 March 2020 <i>HK\$'000</i> <b>(Audited)</b>
Trade receivables	<u>67</u>	<u>176</u>

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

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

	<b>30 September 2020 HK\$'000 (Unaudited)</b>	31 March 2020 HK\$'000 (Audited)
Within 30 days	–	3
Over 90 days	<u>67</u>	<u>173</u>
	<u><b>67</b></u>	<u><b>176</b></u>

#### 14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>30 September 2020 HK\$'000 (Unaudited)</b>	31 March 2020 HK\$'000 (Audited)
Deposits	11	15
Prepayments	6,101	4,494
Other receivables ( <i>Note a</i> )	52,648	82,078
Less: Impairment loss on other receivables	<u>(1,692)</u>	<u>(2,907)</u>
	<u><b>57,068</b></u>	<u><b>83,680</b></u>

*Note:*

- (a) Included in other receivables are loan and interest receivable due from an independent third party (as at 31 March 2020: two independent third parties) of approximately HK\$47,002,000 (as at 31 March 2020: HK\$80,754,000). Loan and interest receivables of approximately HK\$47,002,000 is interest bearing of 4.75% per annum and repayable in April 2021. The Group does not hold any collateral or other credit enhancements over the loan receivables and has assessed the recoverability of the loan receivables with reference to the personal wealth and income sources of the borrower.

## 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:

	<b>30 September 2020 <i>HK\$'000</i> (Unaudited)</b>	31 March 2020 <i>HK\$'000</i> (Audited)
Within 30 days	446	239
31 to 60 days	–	54
61 to 90 days	3	5
Over 90 days	185	1,032
	<u>634</u>	<u>1,330</u>

## 16. OTHER PAYABLES AND ACCRUALS

	<b>30 September 2020 <i>HK\$'000</i> (Unaudited)</b>	31 March 2020 <i>HK\$'000</i> (Audited)
Accruals	7,209	4,294
Deposits received	2,331	1,779
Other payables	62,115	60,317
	<u>71,655</u>	<u>66,390</u>

## 17. BORROWINGS

	30 September 2020			31 March 2020		
	Effective	Maturity	HK\$'000	Effective	Maturity	HK\$'000
	interest rate			interest rate		
	(%)	(Unaudited)	(Unaudited)	(%)	(Audited)	(Audited)
(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)	
<b>Current</b>						
Bank loan – secured	N/A	N/A	–	4.75	July 2020	154,143
Other loan – secured ( <i>Note a</i> )		October 2020-				
	12.5	June 2021	<u>273,416</u>	12	On demand	<u>571,712</u>
			<u>273,416</u>			<u>725,855</u>
<b>Non-current</b>						
Other loans – secured		October 2021-				
( <i>Note a &amp; b</i> )	12.5–15	March 2022	<u>640,877</u>	15	March 2022	<u>212,083</u>
			<u>914,293</u>			<u>937,938</u>

The Group's borrowings are secured by:

- (i) Investment properties with carrying value of HK\$1,505,084,000 (Note 12);
- (ii) Leasehold land and buildings with carrying value of HK\$499,488,000;
- (iii) Personal guarantee given by each of Mr. Qiu Dongfang (“**Mr. Qiu**”), a substantial shareholder of the Company, and his spouse, Ms. Huang Jian, and corporate guarantees provided by the related companies controlled by Mr. Qiu; and
- (iv) Shares of an associate and certain subsidiaries held by the Group.

*Notes:*

- (a) In June 2020, the Group entered into a supplemental loan agreement regarding an existing loan amounting to US\$73,745,000 (equivalent to approximately HK\$571,712,000). Under such supplemental loan agreement, the loan would be repaid by instalments within 18 months from April 2020.
- (b) In March 2020, the Group obtained a credit facility of RMB600,000,000 (equivalent to approximately HK\$682,320,000) from an independent third party. The Group had unutilised credit facility of RMB200,000,000 (equivalent to approximately HK\$227,440,000) as at the date of authorisation for issue of these unaudited condensed consolidated interim financial information.

## 18. SHARE CAPITAL

	Number of shares	Share Capital <i>HK\$'000</i>
Ordinary shares of HK\$0.25 (31 March 2020: HK\$0.025) each		
Authorised:		
At 1 April 2019, 31 March 2020 and 1 April 2020 (audited)	16,000,000,000	400,000
Share consolidation ( <i>Note a</i> )	<u>(14,400,000,000)</u>	<u>–</u>
<b>At 30 September 2020 (unaudited)</b>	<b><u>1,600,000,000</u></b>	<b><u>400,000</u></b>
Issued and fully paid:		
At 1 April 2019, 31 March 2020 and 1 April 2020 (audited)	9,074,000,000	226,850
Share consolidation ( <i>Note a</i> )	<u>(8,166,600,000)</u>	<u>–</u>
<b>At 30 September 2020 (unaudited)</b>	<b><u>907,400,000</u></b>	<b><u>226,850</u></b>

*Note:*

- (a) On 16 September 2020, every ten issued and unissued shares of the Company were consolidated into one share of the Company.

## 19. CAPITAL COMMITMENTS

At 30 September 2020 and 31 March 2020, the Group did not have any significant capital commitments.

## 20. RELATED PARTY TRANSACTIONS

- (a) At 30 September 2020, the amount included a loan advanced from Excellent Speed Limited (“**Excellent Speed**”) of HK\$23,998,000 (as at 31 March 2020: HK\$23,998,000) and interest payables of HK\$1,506,000 (as at 31 March 2020: HK\$904,000). Excellent Speed is beneficially owned as to 50% by Dr. Wong Sai Chung, Albert (“**Dr. Albert Wong**”) and as to 50% by Mr. Lam Wing Sum (“**Mr. WS Lam**”). Dr. Albert Wong and Mr. WS Lam are directors of a subsidiary of the Company and considered as key management personnel of the Group as at 30 September 2020 and 31 March 2020. The loan advanced from Excellent Speed is unsecured, bears interest at 5% per annum and repayable on demand.

During the period ended 30 September 2020, the finance costs charged to the Group for the amount due to Excellent Speed are HK\$602,000 (2019: HK\$778,000).

- (b) At 30 September 2020, the Group had outstanding balances of HK\$226,388,000 (as at 31 March 2020: HK\$227,704,000) due to related companies, which are controlled by Mr. Qiu. The balances are unsecured, interest-free and repayable on demand.
- (c) At 31 March 2020, the Group had outstanding balance of HK\$206,000 from a related company controlled by Mr. Qiu. The balance is unsecured, interest-free and repayable on demand.

(d) Compensation of key management personnel of the Group

	Six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	<u>550</u>	<u>648</u>

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

At 30 September 2020 and 31 March 2020, the investment in equity securities listed in Hong Kong was included in the Group's equity instruments at fair value through profit or loss.

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 2020, HK\$1,074,000 (as at 31 March 2020: HK\$3,252,000) of equity instruments 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 2020.

The Group did not have any financial liabilities measured at fair value as at 30 September 2020 and 31 March 2020.

During the period ended 30 September 2020 and 2019, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Management has assessed that the fair values of financial assets and financial liabilities recorded at amortised cost and considered their carrying amounts approximate their fair values largely due to the short term maturities of these instruments.

22. EVENTS AFTER THE REPORTING PERIOD

On 24 July 2020, the Group and Boill International Co., Limited (the "Vendor") entered into a sale and purchase agreement (the "Sale and Purchase Agreement") pursuant to which the Group conditionally agreed to acquire 100% of the equity interest in Set Flourish Ventures Limited (the "Target Company") from the Vendor at a consideration of HK\$157,700,000, which was satisfied by way of allotment and issue of 450,600,000 ordinary shares of the Company of HK\$0.25 each ("Consideration Shares"). The transaction was approved at the extraordinary general meeting of the Company held on 14 September 2020.

All conditions set out in the Sale and Purchase Agreement were fulfilled and completion took place on 9 October 2020 (the "Completion"). Upon the Completion, the Consideration Shares were issued by the Company to the Vendor pursuant to the Sale and Purchase Agreement and the Target Company became an indirect wholly-owned subsidiary of the Company.

Details of the transaction are disclosed in the announcements of the Company dated 24 July 2020, 25 August 2020, 7 September 2020, 14 September 2020 and 9 October 2020, and the circular of the Company dated 25 August 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Board presents the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2020 to the valued shareholders of the Company. The Group's revenue for the six months ended 30 September 2020 was approximately HK\$19.6 million (2019: approximately HK\$65.1 million), representing a decrease of approximately 69.9% over the corresponding reporting period in 2019. Net loss of approximately HK\$80.1 million (2019: approximately HK\$49.2 million) was incurred for the six months ended 30 September 2020, while the basic and diluted loss per share attributable to owners of the Company was approximately HK7.85 cent (2019: approximately HK6.60 cent).

### BUSINESS REVIEW

#### Property Development

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

The sales of properties were launched in 2017 and the Group recorded revenue of approximately HK\$14.6 million for the six months ended 30 September 2020 (2019: approximately HK\$60.3 million), representing a decline of approximately 75.8% over the corresponding reporting period in 2019. Such decline was mainly attributable to i) the outbreak of coronavirus disease (COVID-19) (the “**Pandemic**”) since early 2020, and ii) low level of completed properties held for sales by the Group.

The Group expects that the remaining properties will be sold out by the last quarter of 2020. As one of the primary businesses of the Group, the Board and the Group's management will continue to develop residential properties by identifying more high-quality properties.

#### Healthcare Holiday Resort Development and Operation

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

The above development consists of three phases. The construction works of the first two phases have been completed, and the leasable units have been leased out since November 2019, while the third construction phase is scheduled to commence in September 2021. The sales moved slowly for the six months ended 30 September 2020 as impacted by the Pandemic, but the rental and service fee income derived from the Shanghai Project is expected to record significant improvement with the gradual resumption of operations in mainland China.

The Group indirectly holds 44% equity interest in 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 eighteen parcels of land located in Ma Zhan Town, Xinglong Village, Tengchong City, Yunnan Province of the PRC, with a total site area of approximately 528,745 square meters and total gross floor area of approximately 903,324 square meters for both residential and commercial uses. It is expected to generate revenue from the sales of holiday products comprising the holiday resorts and operations of hotel, commercial and cultural tourism facilities and other auxiliary items.

### **Foundation Piling**

The Group undertakes foundation piling projects in both the public sector and the private sector in Hong Kong. Due to the keen competition in the foundation piling market, the revenue recognised for the six months ended 30 September 2020 was approximately HK\$0.7 million (2019: approximately HK\$4.4 million), representing a significant drop of approximately 84.1% as compared with the corresponding period in 2019.

Facing the intense competition in the foundation piling market and the adverse impact of the Pandemic, the Group was undergoing hardship continuously and this segment recorded loss for the six months ended 30 September 2020 and 2019.

### **Securities Investment**

As at 30 September 2020, the Group had equity instruments at fair value through profit or loss of approximately HK\$1.1 million (as at 31 March 2019: approximately HK\$3.3 million). All these investments were equity securities listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Group recorded a fair value loss of equity instruments at fair value through profit or loss of approximately HK\$2.2 million for the six months ended 30 September 2020 (2019: approximately HK\$0.5 million).

## **FINANCIAL REVIEW**

### **Revenue**

The revenue of the Group for the six months ended 30 September 2020 was approximately HK\$19.6 million, representing a decrease of approximately HK\$45.5 million or 69.9% as compared to the revenue of approximately HK\$65.1 million for the six months ended 30 September 2019.

The decrease in revenue was primarily due to (i) the outbreak of the Pandemic since early 2020; (ii) the weakened demand of potential home-buying customers of the Group due to the deterioration of their overall financial condition brought about by the uncertain global macro-economic environment; and (iii) low level of completed properties held for sales by the Group. The revenue from the property development business of the Group dropped from approximately HK\$60.3 million for the six months ended 30 September 2019 to approximately HK\$14.6 million for the six months ended 30 September 2020, representing a drop of approximately HK\$45.7 million or 75.8%.

Another reason for the decrease in revenue was due to fewer public projects in the foundation piling business following serious delay in the approval of new infrastructure projects by the Legislative Council of Hong Kong and the Legislative Council Finance Committee. The revenue contributed by the foundation piling segment dropped from approximately HK\$4.4 million for the six months ended 30 September 2019 to approximately HK\$0.7 million for the six months ended 30 September 2020, representing a drop of approximately HK\$3.7 million or 84.1%.

### **Gross Loss**

Gross loss of the Group for the six months ended 30 September 2020 was approximately HK\$4.3 million, representing a deterioration of approximately HK\$2.1 million from approximately HK\$2.2 million for the corresponding period in 2019. During the six months ended 30 September 2020, the property development business recorded a gross loss of approximately HK\$5.2 million (2019: approximately HK\$8.8 million).

### **Other Income and Gains or (Losses), Net**

The other income and gains or (losses), net of the Group for the six months ended 30 September 2020 were approximately HK\$4.1 million (2019: gain of approximately HK\$3.2 million), which mainly comprised interest income and government grant related to staff costs and reversal of impairment loss on other receivables.

The increase in other income and gains or (losses), net was mainly attributable to the reversal of impairment loss on loans and interest receivables.

### **Selling and Distribution Expenses**

Selling and distribution expenses of the Group for the six months ended 30 September 2020, which were mainly incurred in (i) the property development business and (ii) the healthcare holiday resort development and operation of the Shanghai Project, remained stable at approximately HK\$4.2 million (2019: approximately HK\$4.2 million).

## **Administrative and Other Expenses**

Administrative and other expenses for the six months ended 30 September 2020 were approximately HK\$30.9 million, representing a substantial increase of approximately HK\$11.3 million from approximately HK\$19.6 million as compared with the corresponding period in 2019. The increment was mainly due to the increase in depreciation from the increase in the leasehold land and buildings of the Shanghai Project and the professional fees incurred for the acquisition of the entire issued share capital of Set Flourish Ventures Limited pursuant to the sale and purchase agreement entered into by the Group and Boill International Co., Limited on 24 July 2020.

## **Finance Costs**

Finance costs for the six months ended 30 September 2020 were approximately HK\$45.5 million, representing an increase of approximately HK\$9.2 million from approximately HK\$36.3 million as compared with the corresponding period in 2019. Such increase was mainly due to the increase in other borrowings and the average interest rate.

## **Income Tax (Credit)/Expense**

The income tax credit of the Group was approximately HK\$4.8 million for the six months ended 30 September 2020 as compared to the income tax expense of approximately HK\$24.7 million for the six months ended 30 September 2019. The change from tax expense to tax credit was mainly due to the refund of enterprise income tax arising from the Group's property development project in Yueyang, PRC for the six months ended 30 September 2020.

## **Net Loss**

The net loss of the Group was approximately HK\$80.1 million for the six months ended 30 September 2020 as compared to approximately HK\$49.2 million for the six months ended 30 September 2019.

The net loss recorded by the Group for the six months ended 30 September 2020 has attributable to, among other things, the underperformance of the Group's existing property development business during the period. Though the first two phases of the Shanghai Project had been completed by the end of last year, its rental and operating income was significantly affected by the Pandemic in 2020. The operating loss caused by the operation of the Shanghai Project in combination with higher borrowing cost of new financing for the project led to the increase in loss of the Group. The Group will continue to explore different financing channels to acquire land reserve or properties development companies, and to improve the revenue and profitability of its healthcare holiday resort development and operation business.

## BUSINESS PROSPECTS

### Property Development

The Pandemic has undoubtedly weighed on the real estate market in China, the economy has been recovering and stabilising since the second quarter of 2020 owing to the widespread resumption of work and production under the effective epidemic control. It is expected that the long-term outlook of the economy in China will nonetheless continue to be optimistic. In terms of housing control policies, the central government will maintain the stability of property market, and city-specific adjustment measures will be adopted to regulate the short-term overheating of real estate investment, which in turn is conducive to achieving long-term control objectives of stabilising land and housing prices, and maintaining market expectations.

The Group has expanded its property development business in October 2020 following completion of the acquisition of the entire equity interest of Set Flourish Ventures Limited, which through its subsidiaries, is principally engaged in development and operation of a property project (the “**Project**”), which is situated at No.1 Yihe Road, located at the east of Xinyang Road, south of Yihe Road, Sanmao Street, the central business district of Yangzhong City, Zhenjiang City, Jiangsu Province, the PRC, with a total site area of approximately 53,339.83 sq.m.. The land use rights of the Project have been granted for terms commencing from 20 April 2018 and expiring on 19 April 2088 and 19 April 2058 for residential and commercial use, respectively. The Project is currently under construction and completion is expected to take place in 2021. Given the Project is situated at the central business district of Yangzhong City, Zhenjiang City, Jiangsu Province, the PRC, the Company proposes to construct 12 buildings ranging from 6 to 34 storeys, with a total estimated gross floor area of approximately 173,457 sq.m.(exclusive of two basements with an aggregate gross area of approximately 31,065 sq.m.) for residential and commercial use, and 1,223 carparking spaces in basement one and basement two. The Group will be able to solicit more high-quality residential projects in Jiangsu province through acquiring the Project, which is in line with the strategic direction of the Group with regard to the real estate development in Jiangsu-Zhejiang-Shanghai Area.

Given the uncertainty of the Pandemic and economic development, the Group will continue to assess the situation and accelerate construction, arrange pre-sales of properties based on sales targets and expedite the collection of sales proceeds. The Group will consider to obtain premium land sites through tender, auction and listing in the open market through forming joint venture enterprises with other property developers, as joint venture enterprises enjoy advantages in land acquisitions, financing, marketing and pricing. The Group will also consider to expand its business by way of investment in property projects as and when opportunities arise. Moreover, timely adjustments will be made to the control model and efforts will be intensified to expand the Group’s presence in potential cities and innovate products. All these are aimed at meeting the needs of market competition, enhancing the Group’s profitability, and strengthening its competitiveness in the market, so as to achieve sustainable and steady development.

## **Healthcare Holiday Resort Development and Operation**

The Pandemic has spurred greater demand for wellbeing-related goods and services represented by high-quality living, tourism, vacation and healthcare services, which provides the Group with great opportunities for sustainable expansion of its healthcare holiday resort development and operation business, with high end real estate and living services.

The Group has formulated a long-term growth strategy and objective. In addition to the continued development of high-quality real estates, the development and operation of properties in tourism and vacation, regimen culture and healthcare will continue to serve as the core businesses of the Group in the future.

The Group will adhere to a prudent financial policy to further reduce its debts, improve the Group's debt structure, and appropriately increase its long-term liabilities, so as to avoid financial risks and relieve operating pressure. The Group will proactively expand its financing channels and directions and curtail finance costs by taking advantage of its asset value and striking a balance among financial means.

## **Foundation Piling**

The performance of the foundation industry has still been negatively affected by the Pandemic and the intense competition in the market. Profit margin has also been adversely affected by the increasing labour and operating costs and keen competition in the foundation market.

In view of the above circumstances, the management considers that the prospect of foundation piling business is not expected to improve in the short term and medium term.

## **Securities Investment**

The Board understands that the performance of the investments in securities may be affected by the degree of volatility in the Hong Kong stock market and will be subject to other external factors. The Group will continuously evaluate the performance of the existing investment portfolio and will consider to sell the existing listed securities gradually based on the market situation and utilise the proceeds from the disposal for other future business.

## **DEBTS AND CHARGE ON ASSETS**

As at 30 September 2020, the interest-bearing borrowings of the Group consisted of a loan from a related company of approximately HK\$24.0 million (as at 31 March 2020: approximately HK\$24.0 million) at a fixed interest rate 5% per annum repayable on demand without guarantee or security provided by the Group.

As at 30 September 2020, the Group's other loans of approximately HK\$914.3 million (as at 31 March 2020: approximately HK\$783.8 million) were secured by (i) investment properties with carrying value of approximately HK\$1,505.1 million; (ii) leasehold land and buildings with carrying value of approximately HK\$499.5 million; (iii) personal guarantee given by Mr. Qiu Dongfang ("Mr. Qiu"), a substantial shareholder of the Company, and his spouse, Ms. Huang Jian, and corporate guarantees provided by the related companies controlled by Mr. Qiu; and (iv) shares of an associate and certain subsidiaries held by the Group.

As at 30 September 2020, the Group had interest-bearing borrowing of HK\$273.4 million, repayable within one year and bearing interest at fixed rate of 12.5% per annum (as at March 2020: at fixed rates ranging from 4.8% to 12.0% per annum). The remaining interest-bearing borrowings of the Group in the principal amount of HK\$186.0 million and HK\$454.9 million, are repayable in October 2021 and March 2022, bearing interests at a fixed rate of 12.5% per annum and a fixed rate of 15% per annum, respectively (as at March 2020: at a fixed rate of 15% per annum).

Save as disclosed above, the Group did not pledge any assets to bank or other financial institutions nor did the Group have any corporate guarantee given to any entity as at 30 September 2020.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 September 2020, the Group had net current liabilities of approximately HK\$524.8 million (as at 31 March 2020: approximately HK\$861.7 million) and cash and bank deposits (excluding restricted cash) of approximately HK\$29.8 million (as at 31 March 2020: approximately HK\$94.9 million).

As at 30 September 2020, the gearing ratio of the Group (defined as total interest-bearing bank and other borrowings divided by the Group's total equity) was 104.9% (as at 31 March 2020: 104.9%).

The Directors are satisfied that the Group will have sufficient working capital for its present requirements, having taken into account (i) the Group has obtained in June 2019 an unsecured loan credit facility from a related party and the substantial shareholder of the Company of RMB900,000,000, bearing interest of 5% per annum and repayable within a period of twenty-four months from drawdown date of loans under the facility; (ii) the Group has another credit facility obtained in March 2020 with an unutilised amount of RMB200,000,000 (equivalent to approximately HK\$227,400,000) as at the date of authorisation for issue of these unaudited condensed consolidated interim financial information; (iii) the Group will be able to fully recover all outstanding loan and interest receivable from an independent third party on the maturity date; and (iv) the proceeds received from selling the completed properties held for sale and leasing of investment properties located in PRC.

## **FOREIGN EXCHANGE RISK**

The majority of the Group's assets and cash flows were denominated in RMB, but major parts of the Group's interest-bearing borrowing were denominated in US dollar. During the six months ended 30 September 2020, the steady depreciation of RMB against US dollar or HK\$ had a negative effect on translation as the reporting currency of the Group was HK\$. Apart from that, the management of the Company is of the view that the change in exchange rate of RMB against foreign currencies had significant impact on the Group's financial position and performance during the six months ended 30 September 2020 given that the functional currency of the Group was HK\$. During the six months ended 30 September 2020, the Group did not engage in any hedging activities and the Group has no intention to carry out any hedging activities in the near future. The management of the Group will continue to closely monitor the foreign currency market and consider carrying out hedging activities when necessary.

## **SIGNIFICANT INVESTMENTS**

The Group did not hold any significant investments during the six months ended 30 September 2020.

## **CAPITAL COMMITMENTS**

As at 30 September 2020 and 31 March 2020, the Group did not have any significant capital commitments.

## **SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE**

According to the relevant ordinary resolution passed at the extraordinary general meeting of the Company held on 14 September 2020, every ten (10) issued and unissued shares of HK\$0.025 each in the share capital of the Company have been consolidated into one (1) consolidated share of HK\$0.25 each. Upon the share consolidation becoming effective on 16 September 2020, the authorised share capital of the Company has become HK\$400,000,000 divided into 1,600,000,000 consolidated shares with par value of HK\$0.25 each. As at 30 September 2020, 907,400,000 consolidated shares were in issue. Right after the share consolidation becoming effective, the board lot size for trading on the Stock Exchange has been changed from 20,000 shares to 10,000 consolidated shares of the Company. Details of the above share consolidation and the change in board lot size are set out in the Company's announcements dated 24 July 2020 and 14 September 2020, and the Company's circular dated 25 August 2020.

## **CONTINGENT LIABILITIES**

As at 30 September 2020, there had been no material change in the Group's contingent liabilities since the most recent published annual report of the Company for the year ended 31 March 2020.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

Save as the acquisition disclosed in the paragraph headed “Events After the Reporting Period” below, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 September 2020.

## **EVENTS AFTER THE REPORTING PERIOD**

On 24 July 2020, the Group entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”) with Boill International Co., Limited (“**Boill International**”), pursuant to which the Group agreed to acquire the entire issued share capital of Set Flourish Ventures Limited (“**Set Flourish**”), which indirectly held the Project, which is designated for residential and commercial uses, at a consideration of HK\$157,700,000, which was settled by the allotment and issue of 450,600,000 ordinary shares of the Company of HK\$0.25 each (the “**Consideration Shares**”) by the Company to Boill International at the issue price of HK\$0.35 per Consideration Share. All conditions precedent in respect of the above acquisition had been fulfilled and completion took place on 9 October 2020. Upon completion, Set Flourish and its subsidiaries have become subsidiaries of the Company and their financial results and positions have been consolidated into the consolidated financial statements of the Company. Please refer to the Company’s announcements dated 24 July 2020, 25 August 2020, 7 September 2020, 14 September 2020 and 9 October 2020, and the Company’s circular dated 25 August 2020 for further details.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2020, the Group had 137 employees (as at 31 March 2020: 141 employees). Total employee costs for the six months ended 30 September 2020 amounted to approximately HK\$8.9 million (2019: approximately HK\$9.6 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 resolved not to recommend payment of any interim dividend for the six months ended 30 September 2020 (2019: 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 2020 except for the following deviation:

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

### **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 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 2020.

### **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 2020.

## AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

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

The Audit Committee has reviewed the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 September 2020 and this interim results announcement. The Audit Committee confirmed that this interim results announcement complies 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, 27 November 2020

*As at the date of this announcement, the Company has (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. 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.*