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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 2021**

The board of directors (the “**Board**”, or the “**Director(s)**”) of Boill Healthcare Holdings Limited (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2021, 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 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	5	216,710	106,352
Cost of sales		<u>(197,739)</u>	<u>(95,563)</u>
Gross profit		18,971	10,789
Other income and gains or (losses), net	6	9,854	(839)
Selling and distribution expenses		(15,693)	(7,068)
Administrative and other expenses		(69,702)	(49,912)
Reversal of impairment loss/(impairment loss) on property, plant and equipment		4,556	(12,779)
Fair value loss on investment properties		(3,990)	(52,875)
Fair value loss on equity investments, net	7	(1,074)	(2,960)
Share of loss from an associate		(940)	(3,599)
Finance costs	8	<u>(122,611)</u>	<u>(83,676)</u>
LOSS BEFORE TAX	9	(180,629)	(202,919)
Income tax credit/(expense)	10	<u>5,139</u>	<u>(20,875)</u>
LOSS FOR THE YEAR		<u>(175,490)</u>	<u>(223,794)</u>

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss in the subsequent periods:			
Exchange differences arising on translation to presentation currency		117,171	(57,972)
Share of other comprehensive income of an associate		1,407	(1,354)
		<u>118,578</u>	<u>(59,326)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX			
		<u>118,578</u>	<u>(59,326)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			
		<u>(56,912)</u>	<u>(283,120)</u>
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		(142,486)	(189,432)
Non-controlling interests		(33,004)	(34,362)
		<u>(175,490)</u>	<u>(223,794)</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
TO:			
Owners of the Company		(56,494)	(230,093)
Non-controlling interests		(418)	(53,027)
		<u>(56,912)</u>	<u>(283,120)</u>
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	<i>12</i>	<u>HK12.70 cents</u>	(Adjusted) <u>HK20.88 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

		31 March 2021	31 March
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		523,965	488,810
Investment properties	<i>13</i>	1,564,394	1,465,424
Interest in an associate		17,737	17,270
Right-of-use assets		1,336	–
		<hr/>	<hr/>
Total non-current assets		2,107,432	1,971,504
		<hr/>	<hr/>
CURRENT ASSETS			
Completed properties held for sale		402,803	27,154
Properties under development		809,147	–
Contract costs		3,348	–
Trade receivables	<i>14</i>	–	176
Contract assets	<i>16</i>	602	2,049
Prepayments, deposits and other receivables		290,070	83,680
Equity instruments at fair value through profit or loss		2,178	3,252
Due from a related company		30	206
Tax recoverable		3,208	–
Restricted bank deposits		18,197	730
Cash and cash equivalents		131,344	94,926
		<hr/>	<hr/>
Total current assets		1,660,927	212,173
		<hr/>	<hr/>

		31 March	31 March
		2021	2020
	<i>Notes</i>	HK\$'000	HK\$'000
CURRENT LIABILITIES			
Trade payables	<i>15</i>	107,494	1,330
Contract liabilities	<i>16</i>	899,801	26,392
Other payables and accruals		205,040	66,390
Due to related companies		783,634	252,606
Due to a director		274	253
Borrowings	<i>17</i>	800,217	725,855
Tax payables		1,626	1,024
Lease liabilities		812	–
		<u>2,798,898</u>	<u>1,073,850</u>
Total current liabilities		<u>2,798,898</u>	<u>1,073,850</u>
NET CURRENT LIABILITIES		<u>(1,137,971)</u>	<u>(861,677)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>969,461</u>	<u>1,109,827</u>
NON-CURRENT LIABILITIES			
Borrowings		–	212,083
Deferred tax liabilities		15,765	3,935
Lease liabilities		673	–
		<u>16,438</u>	<u>216,018</u>
Total non-current liabilities		<u>16,438</u>	<u>216,018</u>
Net assets		<u>953,023</u>	<u>893,809</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	<i>18</i>	339,500	226,850
Reserves		126,116	180,357
		<u>465,616</u>	<u>407,207</u>
Non-controlling interests		487,407	486,602
		<u>487,407</u>	<u>486,602</u>
Total equity		<u>953,023</u>	<u>893,809</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Boill Healthcare Holdings Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered address of the Company is located at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is located at Unit 2101, 21/F, Wing On Centre, 111 Connaught Road, Central, Sheung Wan, Hong Kong.

2. GOING CONCERN BASIS

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

During the year, the Group has incurred a loss of approximately HK\$175,490,000 and at the end of reporting period, its current liabilities exceeded its current assets by approximately HK\$1,137,971,000. Furthermore, the Group had amount due to related companies of approximately HK\$783,634,000 and other borrowings of approximately HK\$800,217,000 that are repayable on demand and are due for repayment within one year from 31 March 2021 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 Directors, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future, based on the cash flow projections of the Group covering a period up to 30 June 2022 (the “**Forecasted Period**”) after taking into the following considerations:

- (i) Entered into in June 2021 a revised loan credit facility (the “**Facility**”), that was originally entered into by the Company in June 2019 with its controlling shareholder (a then related party) and its beneficial owner regarding the provision of a loan facility amounting to RMB900,000,000, under which the beneficial owner undertakes to provide an additional source of fund for the purpose of enhancing his commitment to provide the credit under the Facility. The Facility is unsecured, interest bearing of 5% per annum and repayable within a period of twenty-four months from drawdown date. The Group did not draw down any loan from the Facility up to the date of approval for issue of these consolidated financial statements;
- (ii) The related parties under the common control by the substantial shareholder have agreed not to demand repayment of the amount due from the Company of HK\$757,532,000 as at 31 March 2021 until the Group is in position to repay it; and
- (iii) Kept selling of the completed properties held for sale located in the People’s Republic of China (the “**PRC**”) and leasing of the investment properties located in Shanghai (note 13) and estimated revenue based on actual performance since its future possible development as well as the expected business development over the Forecasted Period.

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

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) Adoption of new or amended HKFRSs

The Hong Kong Institute of Certified Public Accountants 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 HKAS 39, HKFRS 7 and HKFRS 9, Interest Rate Benchmark Reform

Other than the amendments to HKFRS 3, none of these new or amended HKFRSs has a material impact on the Group’s results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period. Impact on the applications of these amended HKFRSs are summarised below.

Amendments to HKFRS 3, Definition of a Business

The amendments clarify the definition of a business and introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The election to apply the concentration test is made for each transaction. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the concentration test is met, the set of activities and assets is determined not to be a business. If the concentration test is failed, the acquired set of activities and assets is further assessed based on the elements of a business.

The Group elected to apply the amendments prospectively to acquisitions for which the acquisition date is on or after 1 January 2020. The Group acquired a set of activities and assets in October 2020 and elected to apply the concentration test to that transaction but the transaction failed the concentration test. Based on the assessment of elements of a business, the Group concluded that the acquired set of activities and assets is a business.

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

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

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ⁶
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ⁶
Amendments to HKAS 8	Definition of Accounting Estimates ⁶
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁶
Amendments to HKAS 16	Proceeds before Intended Use ⁴
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ⁴
Amendments to HKAS 39, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ²
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of Assets between an Investor and its Associates or Joint Venture ⁷
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁵
Amendment to HKFRS 16	COVID-19 Related Rent Concessions ¹
Amendment to HKFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021 ³
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 9 – Financial Instruments and Amendments to HKFRS 16 ⁴
Amendments to HK Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁶

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

² Effective for annual periods beginning on or after 1 January 2021

³ Effective for annual periods beginning on or after 1 April 2021

⁴ Effective for annual periods beginning on or after 1 January 2022

⁵ Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022

⁶ Effective for annual periods beginning on or after 1 January 2023

⁷ The amendments shall be applied prospectively to the sales or contribution of assets occurring in annual periods beginning on or after a date to be determined.

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK Int 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to HK Int 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of Accounting Policies

Amendments to HKAS 1 require material accounting policy information to be disclosed in financial statements rather than significant accounting policies and provide additional guidance in deciding which accounting policies should be disclosed. Amendments to HKFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments to HKAS 8, Definition of Accounting Estimates

The amendments to HKAS 8 clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

Amendments to HKAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to HKAS 12 require entity to recognise deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The proposed amendments will typically apply to transactions such as leases for the lessee and decommissioning obligations. According to the amended guidance, a temporary difference that arises on initial recognition of an asset or liability is not subject to the initial recognition exemption if that transaction gave rise to equal amounts of taxable and deductible temporary differences.

Amendments to HKAS 16, Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

Amendments to HKAS 37, Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Amendments to HKAS 39, HKFRS 7, HKFRS 9 and HKFRS 16, Interest Rate Benchmark Reform – Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the “**Reform**”). The amendments complement those issued in November 2019 and relate to (a) changes to contractual cash flows in which an entity will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; (b) hedge accounting in which an entity will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and (c) disclosures in which an entity will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

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

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors’ interests in the new associate or joint venture.

Amendments to HKFRS 3, Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Amendment to HKFRS 16, Covid-19-Related Rent Concessions

HKFRS 16 was amended to provide a practical expedient to lessees in accounting for rent concessions arising as a result of the Covid-19 pandemic, by including an additional practical expedient in HKFRS 16 that permits entities to elect not to account for rent concessions as modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of Covid-19 pandemic and only if all of the following criteria are satisfied:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) the reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with this practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of lease modification. Lessees shall apply other requirements of HKFRS 16 in accounting for the rent concession.

Accounting for rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

Amendments to HKFRS 16 Leases — COVID-19-Related Concessions beyond 30 June 2021

The 2021 Amendment to HKFRS 16 extends the availability of the practical expedient in paragraph 46A of HKFRS 16 so that it applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided that the other conditions for applying the practical expedient are met.

Annual Improvements to HKFRSs 2018-2020

The annual improvements amends a number of standards, including:

- HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, which permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to HKFRSs.
- HKFRS 9, Financial Instruments, which clarify the fees included in the '10 per cent' test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.

- HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- HKAS 41, Agriculture, which remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The directors anticipate that all of the relevant pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The directors are currently assessing the possible effect of these new or revised standards on the Group's results and financial position in the first year of application. They consider that those new or revised HKFRS that have been issued but are not yet effective are unlikely to have material impact on the Group's results and financial position upon application.

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'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:

- Property development: sale of properties and provision of property management services;
- Healthcare holiday resort development and operation: sales of properties, rental income, provision of elderly home care, healthcare and leisure services;
- Foundation piling: contracts for foundation piling business; and
- Securities investment: trading and investment in securities.

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

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

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

Year ended 31 March 2021

	Property development <i>HK\$'000</i>	Healthcare holiday resort development and operation <i>HK\$'000</i>	Foundation piling <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue					
Revenue from external customers	<u>204,342</u>	<u>11,762</u>	<u>606</u>	<u>-</u>	<u>216,710</u>
Segment results	2,603	(36,804)	(1,594)	(1,138)	(36,933)
Interest income					2,702
Share of profit from an associate					(940)
Finance costs					(122,611)
Unallocated gains					6,122
Corporate and other unallocated expenses, net (<i>Note</i>)					<u>(28,969)</u>
Loss before tax					<u><u>(180,629)</u></u>

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

	Property development <i>HK\$'000</i>	Healthcare holiday resort development and operation <i>HK\$'000</i>	Foundation piling <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	1,639,342	2,091,055	7,852	7,080	3,745,329
Reconciliation:					
Interest in an associate					17,737
Due from related companies					30
Tax recoverable					3,208
Corporate and other unallocated assets					<u>2,055</u>
Total assets					<u><u>3,768,359</u></u>
Segment liabilities	1,123,035	86,144	25	4,616	1,213,820
Reconciliation:					
Due to related companies					783,634
Borrowings					800,217
Tax payables					1,626
Deferred tax liabilities					15,765
Corporate and other unallocated liabilities					<u>274</u>
Total liabilities					<u><u>2,815,336</u></u>

Year ended 31 March 2020

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

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

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

Geographical Information:

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

	Revenue from external customers		Non-current assets	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	606	6,144	1,357	88
Mainland China	216,104	100,208	2,106,075	1,971,416
	<u>216,710</u>	<u>106,352</u>	<u>2,107,432</u>	<u>1,971,504</u>

5. REVENUE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from contract with customer:		
Contract income of foundation piling works	606	6,144
Sales of properties	201,519	94,661
Provision of properties management services	4,396	3,115
Catering service	2,529	397
	209,050	104,317
Revenue from other source:		
Rental income from leasing properties with fixed payment	7,660	2,035
	<u>216,710</u>	<u>106,352</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest income	2,702	6,070
Gain/(loss) on disposal of property, plant and equipment, net	440	(68)
Gain on bargain purchase	6,122	–
Loss on disposal of investment properties	(2,156)	(3,370)
Reversal of impairment loss/(impairment loss) on loans and interest receivables	2,907	(2,907)
Write-off of interest receivables	–	(2,014)
Write-back of provision for long service payments	–	54
Others	(161)	1,396
	<u>9,854</u>	<u>(839)</u>

7. FAIR VALUE LOSS ON EQUITY INSTRUMENTS, NET

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Fair value loss on equity instruments at fair value through profit or loss, net	1,074	2,884
Loss on disposal of equity instruments at fair value through profit or loss, net	–	76
	<u>1,074</u>	<u>2,960</u>

8. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on borrowings	182,132	87,860
Interest on loan from a related company	1,200	1,379
Interest on lease liabilities	35	–
Less: Imputed interest capitalised into investment properties under construction and properties under development	(60,756)	(5,563)
	<u>122,611</u>	<u>83,676</u>

9. LOSS BEFORE TAX

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Auditor's remuneration	2,467	1,768
Cost of properties sold	184,738	82,988
Cost of services provided	8,113	5,948
Depreciation:		
Right-of-use assets		
– Land and buildings with ownership interest held for own use	18,893	9,061
– Other properties leased for own use	191	–
Other property, plant and equipment	654	888
Foreign exchange differences, net	11,041	6,890
Expense relating to short-term leases	280	1,556
(Reversal of impairment loss)/Impairment loss on property, plant and equipment	(4,556)	12,779
Employee benefit expenses (excluding directors' remuneration):		
– Wages, salaries and bonus	25,767	20,370
– Contribution to defined contribution plans	2,069	2,580
Less: Amount capitalised	(1,216)	(2,389)
	<u>26,620</u>	<u>20,561</u>

10. INCOME TAX CREDIT/(EXPENSE)

For the year ended 31 March 2021, Hong Kong Profits Tax of the selected entity was calculated at 8.25% (2020: 8.25%) of the first HK\$2,000,000 estimated assessable profits and 16.5% (2020: 16.5%) of the remaining estimated assessable profits. Hong Kong Profits Tax for the remaining entities within the Group was calculated at 16.5% (2020: 16.5%) of the estimated assessable profits for the year ended 31 March 2021.

Enterprise income tax (“EIT”) arising from the PRC is calculated at 25% (2020: 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.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Charge for the year:		
Current – PRC EIT	260	6,360
Current – PRC LAT	2,686	25,243
Over provision in respect of prior years	(2,585)	–
Deferred tax	<u>(5,500)</u>	<u>(10,728)</u>
Income tax (credit)/expense	<u><u>(5,139)</u></u>	<u><u>20,875</u></u>

11. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2021, nor has any dividend been proposed since the end of the reporting period (2020: Nil).

12. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company	<u><u>(142,486)</u></u>	<u><u>(189,432)</u></u>

Number of shares

	2021 <i>'000</i>	2020 <i>'000</i> (Adjusted)
Weighted average number of ordinary shares in issue during the year for the purpose of basic loss per share as adjusted for share consolidation and issue of shares which were completed in September and October 2020 respectively (2020: as adjusted for Share consolidation)	<u><u>1,122,207</u></u>	<u><u>907,400</u></u>

Number of shares

Weighted average number of ordinary shares in issue during the year for the purpose of basic loss per share as adjusted for share consolidation and issue of shares which were completed in September and October 2020 respectively (2020: as adjusted for Share consolidation)

	<u><u>1,122,207</u></u>	<u><u>907,400</u></u>
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Diluted loss per share is the same as the basic loss per share because the Group had no dilutive potential ordinary shares outstanding during the years ended 31 March 2021 and 2020.

13. INVESTMENT PROPERTIES

	Completed <i>HK\$'000</i>	Under Construction <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2020	774,405	691,019	1,465,424
Additions	3,676	–	3,676
Disposals	(22,001)	–	(22,001)
Loss from a fair value adjustment	(3,990)	–	(3,990)
Exchange realignment	63,740	57,545	121,285
	<u>815,830</u>	<u>748,564</u>	<u>1,564,394</u>
At 31 March 2021	<u>815,830</u>	<u>748,564</u>	<u>1,564,394</u>

At 31 March 2021, the Group's investment properties with carrying amount of HK\$1,545,091,000 (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 are planned to be held under operating leases to earn rentals or for capital appreciation purposes.

14. TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	<u>–</u>	<u>176</u>

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

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Less than 3 months past due	–	3
6 to 12 months past due	–	88
Over 1 year past due	–	85
	<u>–</u>	<u>176</u>

15. TRADE PAYABLES

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 1 month	94,018	239
1 to 2 months	836	54
Over 2 to 3 months	1,181	5
Over 3 months	<u>11,459</u>	<u>1,032</u>
	<u>107,494</u>	<u>1,330</u>

16. CONTRACT ASSETS AND LIABILITIES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Contract assets arising from:		
Foundation piling	<u>602</u>	<u>2,049</u>
Contract liabilities arising from:		
Sales of properties	898,916	25,366
Provision of property management services	<u>885</u>	<u>1,026</u>
	<u>899,801</u>	<u>26,392</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 date.

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

Foundation piling

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

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

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

Sales of properties

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

Provision of property management services

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

The movements in contract liabilities are as follows:

	2021	2020
	HK\$'000	HK\$'000
Balance as at 1 April	26,392	42,315
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	(27,664)	(40,606)
Increase in contract liabilities as a result of billing in advance, excluding those recognised as revenue in the current year	30,555	29,083
Increase in contract liabilities as a result of accruing interest expenses on advances	18,160	–
Increase in contract liabilities upon acquisition of subsidiaries	830,979	–
Exchange realignment	21,379	(4,400)
	899,801	26,392
Balance as at 31 March	899,801	26,392

17. BORROWINGS

	2021			2020		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
Current						
Bank loan – secured	N/A	N/A	-	4.75	July 2020	154,143
Other loans – secured (<i>Notes a & b</i>)	12.5-15	On demand, June & October 2021, and March 2022	<u>800,217</u>	12	On demand	<u>571,712</u>
			<u>800,217</u>			<u>725,855</u>
Non-current						
Other loans – secured (<i>Note b</i>)	N/A	N/A	<u>-</u>	15	March 2022	<u>212,083</u>
			<u>800,217</u>			<u>937,938</u>

The Group's borrowings are secured by:

- (i) Investment properties with carrying value of HK\$1,545,091,000 (2020: HK\$1,447,603,000) (Note 13);
- (ii) Leasehold land and buildings with carrying value of HK\$517,285,000 (2020: HK\$488,342,000);
- (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) Share of an associate and interest in certain subsidiaries held by the Group.

Notes:

- (a) In April 2021, the Group entered into a supplemental loan agreement regarding an existing loan amounting to US\$42,000,000 (equivalent to approximately HK\$326,517,000). Under such supplemental loan agreement, the loan would be fully repaid in October 2021.
- (b) In March 2020, the Group obtained a credit facility of RMB600,000,000 (equivalent to approximately HK\$710,550,000) from an independent third party. The Group had unutilised credit facility of RMB200,000,000 (equivalent to approximately HK\$236,850,000) as at the date of authorisation for issue of these consolidated financial statements.

18. SHARE CAPITAL

	Number of shares	Share Capital HK\$'000
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	16,000,000,000	400,000
Share consolidation (<i>Note a</i>)	<u>(14,400,000,000)</u>	<u>–</u>
At 31 March 2021	<u>1,600,000,000</u>	<u>400,000</u>
Issued and fully paid:		
At 1 April 2019, 31 March 2020 and 1 April 2020	9,074,000,000	226,850
Share consolidation (<i>Note a</i>)	<u>(8,166,600,000)</u>	<u>–</u>
Issue of shares upon acquisition of subsidiaries (<i>Note b</i>)	<u>450,600,000</u>	<u>112,650</u>
At 31 March 2021	<u>1,358,000,000</u>	<u>339,500</u>

Notes:

- (a) On 16 September 2020, every ten issued and unissued shares of the Company were consolidated into one share of the Company.
- (b) On 9 October 2020, the Company completed the allotment and issue of 450,600,000 consideration shares of the Company at the issue price as of the date of completion to the vendor, Boill International Co., Limited, to satisfy the consideration payable to the vendor pursuant to the conditional sale and purchase agreement dated 24 July 2020 in relation to the acquisition of Set Flourish Ventures Limited and its subsidiaries. Details of the allotment and issue of the consideration shares are set out in the announcement of the Company dated 9 October 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Property Development

The Group has been engaging in the property development business since November 2015 following the acquisition of a property project located on the western shores of Nanhu Lake, Yueyang, Hunan Province of the PRC (the “**Yueyang Project**”), which has been developed as a high-end residential building with club houses and parking lots. Sales of properties under the Yueyang Project launched in 2017 and the properties were sold out during the year ended 31 March 2021 (“**FY2021**”).

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**”), 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 (the “**Consideration Shares**”) by the Company to Boill International at the issue price of HK\$0.35 per Consideration Share (the “**Major Transaction**”). All conditions precedent in respect of the above acquisition had been fulfilled and completion took place on 9 October 2020. 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.

The Group has expanded its property development business in October 2020 following completion of the acquisition of the entire equity interest of Set Flourish, which through its subsidiaries, is principally engaged in the development and operation of a property project (the “**Yangzhong 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 square meters. The land use rights of the Project have been granted for a term commencing from 20 April 2018 and expiring on 19 April 2088 and 19 April 2058 for residential and commercial use, respectively. Under the Yangzhong Project, the Group plans to construct 12 buildings ranging from 6 to 34 storeys, with a total estimated gross floor area of approximately 173,457 square meters (exclusive of the basement with an aggregate gross area of approximately 31,065 square meters) for residential and commercial use, and 1,223 carparking spaces in basement one and basement two.

The Group recorded revenue of approximately HK\$201.5 million from the sales of 128 apartments, 4 shops and 3 clubhouses with an aggregate gross floor area of 14,622 square meters for FY2021, representing an increase of 112.8% as compared with the year ended 31 March 2020 (“**FY2020**”).

The Board and the Group’s management will continue to develop residential properties as one of the main businesses of the Group.

Healthcare Holiday Resort Development and Operation

The Group has developed a resort project located at No. 1 Sheyuan Road, Sheshan Town, Songjiang District, Shanghai of the PRC (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 currently in the review stage of development planning. The sales moved slowly during FY2021 as impacted by the outbreak of coronavirus disease (COVID-19) (the “**Pandemic**”), but the rental and service fee income derived from the Shanghai Project is expected to record significant improvement with gradual resumption of operations in Mainland China.

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

It consists of eighteen parcels of land located in Ma Zhan Town, Xinglong Village, Tengchong City, Yunnan Province of the PRC, with a total site area of approximately 528,745 square meters and a total gross floor area of approximately 513,916 square meters for both residential and commercial uses. It is expected to generate revenue from the sale of holiday products comprising the holiday resorts and operations of hotel, commercial and cultural tourism facilities and other auxiliary items.

Foundation Piling

The Group undertakes foundation piling projects in both the public sector and the private sector in Hong Kong. Due to the keen competition in the foundation piling market, the revenue recognised for FY2021 was approximately HK\$0.6 million (FY2020: approximately HK\$6.1 million), representing a significant drop of 90.2% as compared with FY2020.

Facing the intense competition in the foundation piling market and the limited public projects available and the adverse impact of the Pandemic, the Group was undergoing hardship and this segment recorded loss continuously for FY2021 and FY2020.

Securities Investment

As at 31 March 2021, the Group had equity instruments at fair value through profit or loss of approximately HK\$2.2 million (as at 31 March 2020: approximately HK\$3.3 million). All these investments were equity securities listed on the Stock Exchange.

For FY2021, the Group recorded a fair value loss of equity instruments at fair value through profit or loss of approximately HK\$1.1 million (FY2020: approximately HK\$2.9 million).

IMPACTS OF COVID-19 PANDEMIC

The development and spread of the Pandemic since early 2020 have adversely impacted global economic activities and market sentiments. A series of precautionary and control measures have been and continue to be implemented across the PRC and Hong Kong.

These events have directly impacted on the operations of the Group including slowdown of pre-sale activities of properties and temporarily stopped the healthcare holiday resort development and operation business. The Pandemic continues to bring uncertainties to the Group's operating environment and may impact the Group's operations and financial position.

Given the uncertainties in the future developments of the Pandemic, the Directors will continue to be cautious in monitoring the Group's on-going operations and financial performance, in particular, the cashflow position of the Group, to ensure the Group has sufficient working capital in maintaining its daily operations while seeking opportunities to expand its property development market in the PRC. In battling the Pandemic, the management team of the Group had taken prompt action in protecting the Group's employees, customers and other stakeholders by putting in place various measures to prevent the spread of Pandemic, including temperature checks, social distancing measures, work-from-home policies, etc. The Directors are optimistic that the Pandemic will eventually be under full control.

FINANCIAL REVIEW

Revenue

The revenue of the Group for FY2021 was approximately HK\$216.7 million, representing an increase of approximately HK\$110.3 million or 103.7% as compared to the revenue of approximately HK\$106.4 million for FY2020.

The increase in revenue was primarily due to the increase in sales of properties under the Yangzhong Project acquired during FY2021 and the Shanghai Project has commenced operation since November 2019. The revenue from the property development business of the Group increased by approximately HK\$107.0 million for FY2021, representing an increase of approximately 110.0% over FY2020. The revenue from the healthcare holiday resort development and operation business of the Group increased by approximately HK\$8.9 million for FY2021, representing an increase of 308.0% over FY2020.

Gross Profit

The gross profit of the Group for FY2021 was approximately HK\$19.0 million, representing an increase of approximately HK\$8.2 million or 75.9% as compared to the gross profit of approximately HK\$10.8 million for FY2020.

The increase in gross profit was mainly due to the increase in sales of properties under the Yangzhong Project acquired during FY2021 and the improvement of gross profit margin from the healthcare holiday resort development and operation business of the Group during FY2021.

Other income and gains or (losses), net

The other income and gains, net of the Group for FY2021 were approximately HK\$9.9 million (FY2020: loss of approximately HK\$0.8 million), which mainly comprised interest income, gain on bargain purchase and the reversal of impairment loss on other receivables.

The change from losses, net to other income and gains, net was mainly attributable to the gain on bargain purchase of approximately HK\$6.1 million from the acquisition of the Yangzhong Project and the reversal of impairment loss on loans and interest receivables of approximately HK\$2.9 million for FY2021.

Selling and distribution expenses

The selling and distribution expenses of the Group, which were mainly incurred in the property development business and the healthcare holiday resort development and operation business, increased from approximately HK\$7.1 million for FY2020 to approximately HK\$15.7 million for FY2021. The increase was mainly due to the increased advertising costs and costs for sales and marketing staff following the enlarged sales in property development business and healthcare holiday resort development and operation business.

Administrative and other expenses

The administrative and other expenses of the Group for FY2021 were approximately HK\$69.7 million, representing an increase of approximately HK\$19.8 million over FY2020. Such increase was mainly due to (i) the increase in depreciation arising from the increase in leasehold land and buildings of the Shanghai Project and (ii) the professional fees incurred for the acquisition of entire issued share capital of Set Flourish pursuant to the Sale and Purchase Agreement entered into by the Group and Boill International on 24 July 2020.

Finance costs

The finance costs of the Group for FY2021 were approximately HK\$122.6 million, representing an increase of approximately HK\$38.9 million from approximately HK\$83.7 million for FY2020. The increase in finance costs due to the increase in weighted average interest rate of borrowings.

Income tax credit/(expense)

The income tax credit of the Group was approximately HK\$5.1 million for FY2021 as compared to the income tax expense of approximately HK\$20.9 million for FY2020. The change from tax expense to tax credit was mainly due to the clearance of enterprise income tax and deferred tax arising from the Yueyang Project for FY2021.

Net loss

The net loss of the Group was approximately HK\$175.5 million for FY2021 as compared to approximately HK\$223.8 million for FY2020.

The Group's overall performance was not satisfactory as the healthcare holiday resort development and operation business of the Group still incurred substantial net losses during FY2021. The Group will explore different financing channels to acquire land reserve or properties development companies; and to improve the revenue and profitability of its healthcare holiday resort development and operation business.

BUSINESS PROSPECTS

Property Development

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.

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 one of 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 31 March 2021, 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) and borrowings of approximately HK\$800.2 million (as at 31 March 2020: approximately HK\$937.9 million).

As at 31 March 2021, the Group's borrowings of approximately HK\$800.2 million (as at 31 March 2020: approximately HK\$937.9 million) were secured by (i) investment properties with carrying value of approximately HK\$1,545.1 million; (ii) leasehold land and buildings with carrying value of approximately HK\$517.3 million; (iii) personal guarantee given by Mr. Qiu Dongfang ("Mr. Qiu"), a substantial shareholder of the Company, and his spouse, Ms. Huang Jian, and corporate guarantees provided by the related companies controlled by Mr. Qiu; and (iv) shares of an associate and certain subsidiaries held by the Group.

As at 31 March 2021, the Group's interest-bearing borrowings of approximately HK\$824.2 million were repayable within one year and bearing interests at fixed rate ranging from 5% to 15% per annum (FY2020: at fixed rate ranging from 4.8% to 12% per annum).

Save as disclosed above, the Group did not pledge any assets to bank or other financial institutions nor did the Group have any corporate guarantee given to any entity as at 31 March 2021.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2021, the Group had net current liabilities of approximately HK\$1,138.0 million (as at 31 March 2020: approximately HK\$861.7 million) and cash and bank deposits (excluding restricted bank deposits) of approximately HK\$131.3 million (as at 31 March 2020: approximately HK\$94.9 million).

As at 31 March 2021, the gearing ratio of the Group (defined as total interest-bearing borrowings divided by the Group's total equity) was 86.5% (as at 31 March 2020: 107.6%).

The Directors are satisfied that the Group will have sufficient working capital for its present requirements, having taking into account the following:

(i) the Company entered into in June 2021 a revised loan credit facility (the “**Facility**”), that was originally entered into by the Company in June 2019 with its controlling shareholder (a then related party) and its beneficial owner regarding the provision of a loan facility amounting to RMB900,000,000, under which the beneficial owner undertakes to provide an additional source of fund for the purpose of enhancing his commitment to provide the credit under the Facility. The Facility is unsecured, interest bearing of 5% per annum and repayable within a period of twenty-four months from drawdown date. The Group did not draw down any loan from the Facility up to the date of approval for issue of these consolidated financial statements; (ii) the related parties under the common control by the substantial shareholder have agreed not to demand repayment of the amount due from the Company of HK\$757,532,000 as at 31 March 2021 until the Group is in position to repay it; and (iii) the Group kept selling of the completed properties held for sale located in the PRC and leasing of the investment properties located in Shanghai and estimated revenue based on actual performance since its future possible development as well as the expected business development over the forecasted period.

FOREIGN EXCHANGE RISK

The majority of the Group's assets and cash flows were denominated in RMB, but major parts of the Group's interest-bearing borrowing were denominated in US dollar. During FY2021, the steady appreciation of RMB against US dollar or HK\$ had a positive effect on translation as the reporting currency of the Group was HK\$. Apart from that, the management of the Company viewed that the change in exchange rate of RMB against foreign currencies had significant impact on the Group's financial position and performance during FY2021 given that the functional currency of the Group was HK\$. During FY2021, the Group did not engage in any hedging activities and the Group has no intention to carry out any hedging activities in the near future. The management of the Group will continue to closely monitor the foreign currency market and consider carrying out hedging activities when necessary.

COMMITMENTS

As at 31 March 2021 and 31 March 2020, the Group had no capital commitments in respect of the development costs for property development business, and healthcare holiday resort development and operation business.

MATERIAL ACQUISITIONS AND DISPOSALS

Save for the Major Transaction as disclosed in this announcement, there was no other significant investments, material acquisitions or disposals of any subsidiaries, associates or joint ventures during FY2021.

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. 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

The Group has no significant contingent liabilities as at 31 March 2021.

EMPLOYEE AND HUMAN RESOURCES POLICY

The Group had a total of 136 employees as at 31 March 2021, of which 126 employees worked in the PRC and 10 worked in Hong Kong. Employee remuneration packages are maintained at competitive levels and employees are rewarded through the Group's salary and bonus system. The Group provides adequate job training to employees to equip them with practical knowledge and skills.

Pursuant to the share option scheme adopted by the Company on 22 September 2013 ("**Share Option Scheme**"), the Board may grant options to Directors (including non-executive Directors and independent non-executive Directors), employees of the Company and any of its subsidiaries and associated companies, to subscribe for shares of the Company. During FY2021, no options were granted under the Share Option Scheme.

FINAL DIVIDEND

The Directors do not recommend the payment of any final dividend for FY2021 (FY2020: Nil).

PRE-EMPTIVE RIGHTS

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

EVENT AFTER THE REPORTING PERIOD

On 12 May 2021, Shanghai Baoxian Industrial Co., Ltd. (上海保賢實業有限公司) (an indirect wholly-owned subsidiary of the Company) entered into the land transfer confirmation with Shanghai Land Transaction Center (上海市土地交易事務中心) and the state-owned construction land use rights grant contract with Shanghai Fengxian District Planning and Natural Resource Bureau (上海市奉賢區規劃和自然資源局) in relation to the proposed acquisition of the land use rights of a parcel of land situated at Fengxian District, Shanghai, the PRC (the “**Land Acquisition**”). The consideration for the acquisition of this parcel of land is RMB171,400,000. As at the date of this announcement, completion of the Land Acquisition has not taken place. Details of the Land Acquisition are set out in the Company’s announcements dated 12 May 2021 and 10 June 2021.

Save as disclosed above, the Board is not aware of other significant event that has taken place subsequent to 31 March 2021 and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during FY2021.

CORPORATE GOVERNANCE CODE

The Directors and the management of the Group recognise the importance of sound corporate governance to the long-term and continuing success of the Group. The Board is committed in maintaining good corporate standards and procedures for the best interest of the shareholders of the Company. The Board will continue to review its corporate governance practices from time to time to ensure that the Group complies with the statutory requirements and the Corporate Governance Code (“**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and align with the latest developments. Throughout FY2021, the Company had complied with the applicable code provisions of the CG Code except for the deviation from code provision A.2.1 as explained below:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Dai Dong Xing (“**Mr. Dai**”), an executive Director, currently acts as chairman of the Board and the Company does not have any offices with the title of “Chief Executive Officer”. Mr. Dai, together with other executive Director, are responsible for the overall business strategy and development and management of the Group’s business. The Board meets regularly to consider major matters affecting the operations of the Group.

The Board considers that this structure does not impair the balance of power and authority between the Board and the management of the Company. However, the Board will review the board composition regularly and consider to appoint a chief executive officer if a suitable person is identified.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Director's securities transactions pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer ("**Model Code**") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry by the Company, all the Directors have confirmed their compliance with the Model Code and the Company's code of conduct throughout FY2021.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Having made specific enquiry, all the Directors have confirmed that neither themselves nor any of their respective close associates (as defined in the Listing Rules) held any position or had interest in any business or companies that were or might be materially competing with the business of the Group or would give rise to any concern regarding conflict of interests during FY2021.

AUDIT COMMITTEE

The audit committee of the Company ("**Audit Committee**") has reviewed the consolidated financial statements of the Group for FY2021 and has met with the auditor of the Company, BDO Limited ("**BDO**"). The consolidated financial statements have been agreed by BDO. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company, risk management and internal control systems with senior management members of the Company.

SUFFICIENCY OF PUBLIC FLOAT

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

SCOPE OF WORK OF BDO LIMITED

The financial information has been reviewed by the Audit Committee and approved by the Board. The figures in respect of the Group's audited consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for FY2021 as set out in this announcement have been agreed by BDO, to the amounts set out in the Group's audited consolidated financial statements for FY2021. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO on this preliminary results announcement.

EXTRACT OF THE INDEPENDENT AUDITOR’S REPORT

BDO Limited was engaged to audit the consolidated financial statements of the Group. The section below sets out an extract of independent auditor’s report regarding the consolidated financial statements of the Group for the year ended 31 March 2021:

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 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK\$175,490,000 during the year ended 31 March 2021 and, as of that date, the Group’s current liabilities exceeded its current assets by approximately HK\$1,137,971,000. These conditions, along with other matters set forth in note 3(b) to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement of shareholders of the Company to attend and vote at the forthcoming annual general meeting of the Company to be held on 20 August 2021 (the “**AGM**”), the register of members of the Company will be closed from 16 August 2021 to 20 August 2021, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the forthcoming AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on 13 August 2021.

PUBLICATION OF INFORMATION ON DESIGNATED WEBSITES

This annual results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.boillhealthcare.com.hk>). The annual report of the Company for FY2021 will be despatched to shareholders of the Company and published on the same websites in due course.

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

Hong Kong, 29 June 2021

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. Chan Chi Keung Billy, Mr. Xu Liang Wei and Mr. Wang Zhe.