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Boill Healthcare Holdings Limited

保集健康控股有限公司

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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 01246)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

The board (the “**Board**”) of directors (the “**Directors**”) of Boill Healthcare Holdings Limited (the “**Company**”) announces the unaudited results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2017, together with the comparative figures for the corresponding period in 2016 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

Six months ended 30 September 2017

	Notes	For the six months ended	
		30 September 2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Re-presented) (Unaudited)
CONTINUING OPERATIONS			
REVENUE	5	152,102	180,169
Cost of sales		(156,436)	(175,705)
Gross (loss)/profit		(4,334)	4,464
Other income and gains		19,455	5,118
Fair value gain on investment properties under construction		17,132	–
Fair value gain/(loss) on equity investments at fair value through profit or loss		31,217	(93,845)
Selling and distribution expenses		(7,613)	(4,047)
Administrative expenses		(58,513)	(52,501)
Loss on disposal of equity investments at fair value through profit or loss		(1,520)	(892)
Finance costs	7	(52,383)	(75,996)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	8	(56,559)	(217,699)
Income tax (expenses)/credit	9	(658)	2,318
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(57,217)	(215,381)
DISCONTINUED OPERATION			
Profit for the period from discontinued operation	6	389	2,960
LOSS FOR THE PERIOD		(56,828)	(212,421)

	For the six months ended	
	30 September	
<i>Note</i>	2017	2016
	HK\$'000	HK\$'000
		(Re-presented)
	(Unaudited)	(Unaudited)
ATTRIBUTABLE TO:		
Owners of the parent	(56,350)	(212,421)
Non-controlling interests	(478)	–
	<u>(56,828)</u>	<u>(212,421)</u>
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO		
ORDINARY EQUITY HOLDERS OF THE PARENT		
	<i>11</i>	
Basic and diluted:		
From continuing operations	HK(0.67) cents	HK(6.60) cents
From discontinued operation	HK0.03 cents	HK0.09 cents
	<u>HK(0.64) cents</u>	<u>HK(6.51) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 September 2017

	For the six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Re-presented) (Unaudited)
LOSS FOR THE PERIOD	<u>(56,828)</u>	<u>(212,421)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	(804)	(600)
Exchange differences on translation of foreign operations	<u>87,816</u>	<u>(11,636)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	<u>87,012</u>	<u>(12,236)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>30,184</u>	<u>(224,657)</u>
ATTRIBUTABLE TO:		
Owners of the parent	8,961	(224,657)
Non-controlling interests	<u>21,223</u>	<u>–</u>
	<u>30,184</u>	<u>(224,657)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT ARISING FROM:		
Continuing operations	29,795	(227,617)
Discontinued operation	<u>389</u>	<u>2,960</u>
	<u>30,184</u>	<u>(224,657)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

		30 September 2017 <i>HK\$'000</i> (Unaudited)	31 March 2017 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	12	42,030	57,742
Investment properties under construction	13	1,753,110	–
Goodwill	14	–	17,336
Available-for-sale investments		72	875
Prepayments	16	118,684	–
Total non-current assets		<u>1,913,896</u>	<u>75,953</u>
CURRENT ASSETS			
Inventories		–	370
Completed properties held for sale		59,390	72,781
Properties under development		1,006,950	917,927
Trade and retention receivables	15	72,776	68,316
Prepayments, deposits and other receivables	16	81,532	45,908
Equity investments at fair value through profit or loss		108,831	121,916
Tax recoverable		30,210	16,568
Restricted cash		66,463	64,969
Cash and cash equivalents		110,971	410,740
Total current assets		<u>1,537,123</u>	<u>1,719,495</u>
CURRENT LIABILITIES			
Trade payables	17	38,051	35,137
Other payables and accruals	18	486,357	254,537
Due to related companies	24(d)&(e)	51,452	49,456
Interest-bearing bank and other borrowings	19	801,935	802,310
Tax payable		–	770
Total current liabilities		<u>1,377,795</u>	<u>1,142,210</u>
NET CURRENT ASSETS		<u>159,328</u>	<u>577,285</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,073,224</u>	<u>653,238</u>

		30 September 2017	31 March 2017
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	<i>19</i>	353,070	–
Provision for long service payments		2,286	3,262
Deferred tax liabilities		96,741	96,680
		<hr/>	<hr/>
Total non-current liabilities		452,097	99,942
		<hr/>	<hr/>
Net assets		1,621,127	553,296
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital	<i>20</i>	226,850	161,850
Reserves		804,747	340,786
		<hr/>	<hr/>
		1,031,597	502,636
Non-controlling interests		589,530	50,660
		<hr/>	<hr/>
Total equity		1,621,127	553,296
		<hr/> <hr/>	<hr/> <hr/>

NOTES:

1. Corporate and group information

Boill Healthcare Holdings Limited (formerly known as “**Ngai Shun Holdings Limited**”) is a limited liability company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered address of the Company is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is Unit 2603, 26/F, West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong.

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

- Foundation business
- Property development business
- Healthcare holiday resort development and operation business
- Investment securities
- Provision of catering services

2. Basis of presentation

Notwithstanding that the Group has capital commitments of HK\$244,597,000, loan from related companies of HK\$51,452,000, interest-bearing bank and other borrowings of HK\$1,155,005,000 as at 30 September 2017, in the opinion of the directors, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future, based on the cash flow projections of the Group and after taking into the following consideration:

- (i) subsequent to the reporting period, the Company has obtained a loan credit facility from an independent third party, to finance the Group’s working capital; and
- (ii) pre-sales proceeds and rental income received from the Group’s property development segment and healthcare holiday resort development and operation segment.

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

3. Basis of preparation

The unaudited condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The unaudited condensed consolidated interim financial information do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all HKFRSs, HKASs and Interpretations) issued by the HKICPA.

The unaudited condensed consolidated interim financial information for the six months ended 30 September 2017 has been prepared under the historical cost convention, except for investment properties under construction and certain of financial instruments, which have been measured at fair value. The unaudited condensed consolidated interim financial information is presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

4. Accounting policies

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

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
<i>Annual Improvements 2014 – 2016 Cycle</i>	Amendments to a number of HKFRSs

The adoption of the above HKFRSs has had no significant impact on the Group's results and financial position for the current and prior periods, nor any substantive changes in the Group's disclosures set out in the unaudited condensed consolidated interim financial information.

The Group has not early applied any new standard or interpretation that is not yet effective for the current accounting period.

5. Segment information

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

1. Foundation piling: Contracts for foundation business
2. Property development: Sale of properties
3. Healthcare holiday resort development and operation: provision of elderly home care, healthcare and leisure services
4. Securities investment: Trading of securities and investment in long-term securities

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

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

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

Six months ended 30 September 2017

	Continuing operations				Discontinued operation (up to 17 July 2017)	
	Foundation piling HK\$'000 (Unaudited)	Property development HK\$'000 (Unaudited)	Securities investment HK\$'000 (Unaudited)	Healthcare holiday resort development and operation HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)	Food and beverage HK\$'000 (Unaudited) (Note 6)
Revenue from external customers	132,422	19,680	-	-	152,102	7,866
Segment results	(16,838)	(6,485)	30,119	9,552	16,348	2,675
Interest income					15,752	-
Corporate and other unallocated expenses, net					(36,276)	(2,286)
Finance costs					(52,383)	-
(Loss)/profit before tax					<u>(56,559)</u>	<u>389</u>
<i>Other segment information:</i>						
Dividend income from equity investments at fair value through profit or loss	-	-	425	-	425	-
Depreciation	(15,897)	(192)	-	(26)	(16,115)	(105)
Fair value gains on equity investments at fair value through profit or loss	-	-	31,217	-	31,217	-
Fair value gain on investment properties under construction	-	-	-	17,132	17,132	-
Loss on disposal of equity investments at fair value through profit or loss	-	-	(1,520)	-	(1,520)	-

Six months ended 30 September 2016 (Re-presented)

	Continuing operations				Discontinued operation
	Foundation piling HK\$'000 (Unaudited)	Property development HK\$'000 (Unaudited)	Securities investment HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)	Food and beverage HK\$'000 (Unaudited) (Note 6)
Revenue from external customers	154,511	25,658	-	180,169	11,736
Segment results	(18,863)	(13,625)	(94,399)	(126,887)	2,960
Interest income				78	-
Corporate and other unallocated expenses, net				(14,894)	-
Finance costs				(75,996)	-
(Loss)/profit before tax				<u>(217,699)</u>	<u>2,960</u>
<i>Other segment information:</i>					
Dividend income from equity investments at fair value through profit or loss	-	-	340	340	-
Depreciation	(15,764)	(156)	-	(15,920)	(123)
Fair value losses on equity investments at fair value through profit or loss	-	-	(93,845)	(93,845)	-
Loss on disposal of equity investments at fair value through profit or loss	-	-	(892)	(892)	-

30 September 2017

	Foundation piling <i>HK\$'000</i> (Unaudited)	Property development <i>HK\$'000</i> (Unaudited)	Securities investment <i>HK\$'000</i> (Unaudited)	Healthcare holiday resort development and operation <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment assets	149,328	1,192,661	110,005	1,887,141	3,339,135
<i>Reconciliation:</i>					
Tax recoverable					30,210
Corporate and other unallocated assets					81,674
Total assets					3,451,019
Segment liabilities	38,882	412,163	–	62,504	513,549
<i>Reconciliation:</i>					
Due to related companies					51,452
Interest-bearing bank and other borrowings					1,155,005
Tax payable					–
Deferred tax liabilities					96,741
Corporate and other unallocated liabilities					13,145
Total liabilities					1,829,892

31 March 2017

	Foundation piling <i>HK\$'000</i> (Audited)	Property development <i>HK\$'000</i> (Audited)	Securities investment <i>HK\$'000</i> (Audited)	Food and beverage <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
Segment assets	171,365	1,085,923	468,480	28,049	1,753,817
<i>Reconciliation:</i>					
Tax recoverable					16,568
Corporate and other unallocated assets					25,063
Total assets					1,795,448
Segment liabilities	33,368	250,386	–	6,187	289,941
<i>Reconciliation:</i>					
Due to related companies					49,456
Interest-bearing bank and other borrowings					802,310
Tax payable					770
Deferred tax liabilities					96,680
Corporate and other unallocated liabilities					2,995
Total liabilities					1,242,152

6. Discontinued operation

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

Financial information relating to Pride Review Group for the period to the date of disposal is set out below. The comparative figure in the condensed consolidated statement of profit or loss have been restated to re-presented as if the discontinued operations had been discontinued the beginning of the comparative period.

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

	Six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	7,866	11,736
Cost of services	<u>(2,252)</u>	<u>(2,957)</u>
	5,614	8,779
Administrative expenses	<u>(2,939)</u>	<u>(5,819)</u>
Profit before tax from the discontinued operation	2,675	2,960
Income tax	<u>–</u>	<u>–</u>
Profit from discontinued operation	2,675	2,960
Loss on disposal of the Pride Review Group (<i>Note 23</i>)	<u>(2,286)</u>	<u>–</u>
Profit for the period from the discontinued operation	<u>389</u>	<u>2,960</u>

7. Finance costs

An analysis of finance costs is as follows:

	Six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Interest on bank and other loans	80,361	69,481
Interest on loan from a related company	1,240	3,000
Interest on promissory notes	–	3,515
Less: Interest expenses capitalised	<u>(29,218)</u>	<u>–</u>
	<u>52,383</u>	<u>75,996</u>

8. Loss before tax

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

	Six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Re-presented) (Unaudited)
Bank interest income	(427)	(78)
Cost of properties sold	15,484	23,592
Depreciation	16,127	15,934
Dividend income from equity investments at fair value through profit or loss	(425)	(340)
Foreign exchange differences, net	4,130	7,896
Gain on disposal of items of property, plant and equipment	(1,244)	(3,448)
Interest income from loan to a related company	(15,325)	–
Loss on disposal of the Pride Review Group	2,286	–
Minimum lease payments under operating leases	1,184	742
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	58,267	66,876
Pension scheme contributions	1,513	1,818
Less: Amount capitalised	(3,384)	(1,361)
	<u>56,396</u>	<u>67,333</u>

9. Income tax

	Six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current – PRC LAT		
Charge for the period	597	794
Deferred	<u>61</u>	<u>(3,112)</u>
Total tax expenses/(credit) for the period	<u>658</u>	<u>(2,318)</u>

PRC LAT

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

10. Dividends

The Board has resolved that not to declare any interim dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: Nil).

11. (Loss)/earnings per share attributable to ordinary equity holders of the parent

The calculations of the basic and diluted (loss)/earnings per share are based on:

	Six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Re-presented) (Unaudited)
(Loss)/earnings attributable to owners of the Company, used in the basic and diluted (loss)/earnings per share calculation:		
– From continuing operations	(59,503)	(215,381)
– From discontinued operation	2,675	2,960
	<u>(56,828)</u>	<u>(212,421)</u>
	Number of shares Six months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares in issue during the period used in the basic and diluted (loss)/earnings per share calculation	<u>8,818,262,000</u>	<u>3,264,991,000</u>

The Group had no potentially dilutive ordinary shares in issue for the six months ended 30 September 2017 and 2016.

12. Property, plant and equipment

For the six months ended 30 September 2017, the Group acquired assets with total cost of HK\$783,000 (six months ended 30 September 2016: HK\$12,612,000) excluding items acquired through acquisition of assets and liabilities.

13. Investment properties under construction

**30 September
2017
HK\$'000
(Unaudited)**

Carrying amount at beginning of period	–
Acquisition of assets and liabilities (<i>Note 22</i>)	1,643,166
Additions	27,939
Gain from a fair value adjustment	17,132
Exchange realignment	64,873
	<hr/>
Carrying amount at end of period	1,753,110
	<hr/> <hr/>

The Group's investment properties under construction consist of commercial properties in the PRC and held under the lease term of 40 years, which were pledged to secure bank loan granted to the Group as at 30 September 2017 (*Note 19(c)*).

The Group's investment properties under construction was revalued on 30 September 2017 by Roma Appraisals Limited, an independent qualified valuer, at RMB1,489,600,000 (equivalent to HK\$1,753,110,000). Selection criteria to appoint an external valuer, include market knowledges, reputation, independence and whether professional standards are maintained. The Company's directors had discussion with the valuer on the valuation assumptions and result when the valuation was performed.

14. Goodwill

At 31 March 2017, the carrying amount of goodwill of HK\$17,336,000 was allocated to the food and beverage cash-generating unit. On 17 July 2017, the food and beverage business was discontinued and the goodwill was offset against with the consideration for the disposal of the Pride Review Group.

15. Trade and retention receivables

	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
Trade receivables	45,009	37,050
Retention receivables	27,767	31,266
	<hr/>	<hr/>
	72,776	68,316
	<hr/> <hr/>	<hr/> <hr/>

Trade receivables mainly consist of receivables from the provision of catering services and construction contracts for foundation piling business. The Group's trading terms with its customers in relation to the provision of catering services were mainly on 30-day credit period. Contract and retention receivables are past due when a counterparty has failed to make a payment when contractually due and their credit period granted to customers is generally for a period of one month or otherwise the payment terms of contract work are stipulated in the related contract. Trade and retention receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period is as follows:

	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
Within 30 days	42,406	20,978
31 to 60 days	–	15,876
61 to 90 days	–	196
Over 90 days	<u>2,603</u>	<u>–</u>
	45,009	37,050
Retention receivables	<u>27,767</u>	<u>31,266</u>
	<u>72,776</u>	<u>68,316</u>

16. Prepayments, deposits and other receivables

	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
Other receivables	58,041	20,209
Deposits	570	573
Prepayments	<u>141,605</u>	<u>25,126</u>
	200,216	45,908
Less: Non-current portion of prepayments	<u>(118,684)</u>	<u>–</u>
	<u>81,532</u>	<u>45,908</u>

Non-current prepayments represented prepaid construction cost for investment properties under construction.

17. Trade payables

An aged analysis of the trade payables as at the end of the reporting period is as follows:

	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
Within 30 days	27,284	22,809
31 to 60 days	4,370	2,084
61 to 90 days	3,514	4,864
Over 90 days	<u>2,883</u>	<u>5,380</u>
	38,051	35,137
	<u>38,051</u>	<u>35,137</u>

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

18. Other payables and accruals

	30 September 2017 <i>HK\$'000</i> (Unaudited)	31 March 2017 <i>HK\$'000</i> (Audited)
Accruals	15,233	11,605
Deposits received	407,326	238,910
Receipts in advance	30,856	2,413
Other payable	30,052	378
Interest payables	2,890	1,231
	<u>486,357</u>	<u>254,537</u>

19. Interest-bearing bank and other borrowings

	30 September 2017			31 March 2017		
	Effective interest rate (%) (Unaudited)	Maturity (Unaudited)	<i>HK\$'000</i> (Unaudited)	Effective interest rate (%) (Audited)	Maturity (Audited)	<i>HK\$'000</i> (Audited)
Current						
Bank loans – unsecured (<i>note (a)</i>)	2.2–2.5	on demand	18,934	2.2–3.0	on demand	29,338
Other loan – secured (<i>note (b)</i>)	13.4	2017	783,001	13.4	2017	772,972
			<u>801,935</u>			<u>802,310</u>
Non-current						
Bank loan – secured (<i>note (c)</i>)	4.75	2020	353,070	–	–	–
			<u>1,155,005</u>			<u>802,310</u>

Notes:

- (a) At 30 September 2017, a personal guarantee given by each of Dr. Wong Sai Chung, Albert (“**Dr. Wong**”) and Mr. Lam Wing Sum (“**Mr. Lam**”), both are the directors of a subsidiary of the Company for the Group’s bank loans up to HK\$53,725,000 (31 March 2017: HK\$53,725,000). The bank loans are denominated in HK\$.
- (b) The Group’s other loan is secured by pledged shares of two subsidiaries of the Group. The other loans are denominated in United States dollars (“**USD**”).
- (c) The Group’s bank loan is secured by the Group’s investment properties under construction with carrying value as at 30 September 2017 of RMB1,489,600,000 (equivalent to HK\$1,753,110,000) and corporation guarantees provided by the related companies, which controlled by the substantial shareholders of the Company, Mr. Qiu Dong Fang (“**Mr. Qiu**”). The bank loan is denominated in RMB.

20. Share capital

	30 September 2017		31 March 2017	
	Number of shares (Unaudited)	HK\$'000 (Unaudited)	Number of shares (Audited)	HK\$'000 (Audited)
Authorised:				
Ordinary shares of HK\$0.025 each (31 March 2017: HK\$0.025) (Note (b))	16,000,000,000	400,000	16,000,000,000	400,000
Issued and fully paid:				
Ordinary shares of HK\$0.025 each (31 March 2017: HK\$0.025)	9,074,000,000	226,850	6,474,000,000	161,850

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

	Number of shares in issue	Share capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
At 1 April 2016	24,900,000,000	24,900	153,962	178,862
Shares consolidation (Note (a))	(23,904,000,000)	–	–	–
Rights issue (Note (c))	5,478,000,000	136,950	766,920	903,870
	6,474,000,000	161,850	920,882	1,082,732
Share issue expenses (Note (c))	–	–	(24,889)	(24,889)
At 31 March 2017 (Audited)	6,474,000,000	161,850	895,993	1,057,843
Issue of new shares (Note (d))	2,600,000,000	65,000	455,000	520,000
At 30 September 2017 (Unaudited)	9,074,000,000	226,850	1,350,993	1,577,843

Notes:

- (a) At the extraordinary general meeting of the Company held on 14 June 2016, the ordinary resolution was passed in respect of the share consolidation (the “**Share Consolidation**”) of every twenty-five (25) issued and unissued ordinary shares of the Company of HK\$0.001 each into one (1) consolidated share of the Company of HK\$0.025 each (the “**Consolidated Share**”). Immediately after the Share Consolidation became effective on 15 June 2016, the issued and fully paid ordinary share capital of the Company was 996,000,000 shares of HK\$0.025 each.
- (b) At the extraordinary general meeting of the Company held on 14 June 2016, the ordinary resolution was passed to increase the authorised share capital of the Company from HK\$200,000,000 to HK\$400,000,000 by the creation of additional 8,000,000,000 ordinary shares of HK\$0.025 each following the Share Consolidation mentioned in (a) above.

- (c) On 20 July 2016, the Company completed the rights issue (the “**Rights Issue**”) on the basis of eleven (11) rights shares of the Company of HK\$0.025 each (the “**Rights Share(s)**”) for every two (2) Consolidated Shares held on the record date. 5,478,000,000 Rights Shares were issued at a subscription price of HK\$0.165 per Rights Share. The gross proceeds of the Rights Issue was HK\$903,870,000, of which HK\$136,950,000 was credited to the share capital account and HK\$766,920,000 was credited to the share premium account. Details of which were set out in the Company’s circular dated 27 May 2016. The expenses directly attributable to the Rights Issue of HK\$24,889,000 were debited to the share premium account.
- (d) On 30 September 2016, the Company entered a subscription agreement with Liyao Investment Limited (the “**Subscriber**”), pursuant to which the subscriber has agreed to subscribe for, and the Company has agreed to allot and issue, a total of 2,600,000,000 ordinary share of the Company (“**Subscription Shares**”) at issue price of HK\$0.20 per Subscription Share for an aggregate amount of HK\$520,000,000. As a result, at the completion of the subscription on 19 April 2017, the Subscriber become the single largest substantial shareholder of the Company with 28.65% of the issued share capital of the Company as enlarged by the subscription. Further details of which are set out in the Company’s circular dated 26 January 2017 and announcement dated 19 April 2017.

21. Commitments

(a) Operating leases arrangements

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

At 30 September 2017, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 September 2017 HK\$’000 (Unaudited)	31 March 2017 HK\$’000 (Audited)
Within one year	2,199	6,662
In the second to fifth years, inclusive	952	11,287
	<u>3,151</u>	<u>17,949</u>

(b) Capital commitments

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

	30 September 2017 HK\$’000 (Unaudited)	31 March 2017 HK\$’000 (Audited)
Contracted, but not provided for:		
Property, plant and equipment	60	2,240
Investment properties under construction	201,841	83,156
Properties under development	42,696	–
	<u>244,597</u>	<u>85,396</u>

22. Acquisition of assets and liabilities

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

HK\$'000

Net asset acquired:

Property, plant and equipment	544
Investment properties under construction (<i>Note 13</i>)	1,643,166
Prepayment, deposits and other receivables	52,875
Due from a related company	311,705
Cash and bank balances	529
Trade payables	(1,530)
Other payables and accruals	(50,959)
Due to related companies	(338,683)
Due to shareholders	(781,383)
	<hr/>
Total identifiable net assets acquired	836,264
Shareholders' loan assigned	781,383
Non-controlling interest	(517,647)
	<hr/>
	1,100,000
	<hr/> <hr/>

Satisfied by:

Cash	860,000
Other borrowings	240,000
	<hr/>
	1,100,000
	<hr/> <hr/>

Analysis of cash flows in respect of the Anway Group is as follows:

Cash and bank balances	529
Cash paid	(860,000)
	<hr/>
Net outflow of cash and cash equivalents included in cash flows used in investing activities	(859,471)
	<hr/> <hr/>

23. Disposal of subsidiaries

HK\$'000

Net assets disposed of:

Property, plant and equipment	1,403
Inventories	277
Trade and other receivables	8,655
Tax recoverable	77
Cash and bank balances	5,739
Trade and other payables	(431)
Due to the immediate holding company	(10,676)
Tax payable	(770)

4,274

Goodwill acquired through business combination 17,336

21,610

Due to the immediate holding company assigned 10,676

Loss on disposal of the Pride Review Group (*Note 6*) (2,286)

30,000

Satisfied by:

Cash 30,000

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

HK\$'000

Cash consideration	30,000
Cash and bank balances disposed of the Pride Review Group	<u>(5,739)</u>

Net inflow of cash and cash equivalents in respect of the disposal of the Pride Review Group 24,261

24. Related party transactions

- (a) On 19 April 2017, the Group completed the acquisition of 68% of the issued share capital of Anway Group together with assignment of the 68% of a shareholder's loan in the amount of HK\$781,383,000 owed by Anway Group to the Vendor at cash consideration of HK\$1,100,000,000. Upon the completion of the acquisition, Anway Group will become a non-wholly-owned subsidiaries of the Company. Details of which are set out in the Company's Circular dated 25 January 2017.
- (b) On 19 April 2017, the Company completed the allotment and issuance of 2,600,000,000 shares of the Company at the subscription price of HK\$0.20 per Subscription Share for an aggregate amount of HK\$520,000,000 to Liyao Investment Limited which is ultimately owned by Mr. Qiu, the substantial shareholder of the Company. Details of which are set out in the Company's Circular dated 25 January 2017.
- (c) On 20 September 2017, the outstanding amount of HK\$297,229,000 together with interest receivable of HK\$36,714,000 due from a related company, Shanghai Shenbiao Building Construction Company Limited ("**Shenbiao**") was fully repaid. Shenbiao is controlled by the brother of Mr. Qiu. The advance amount to Shenbiao was charged at an interest rate of 12% per annum and the accrued interest for the reporting period in amount of HK\$15,325,000 is included in the other income on the face of the condensed consolidated statement of profit or loss.
- (d) At 30 September 2017, the Group had outstanding balance of HK\$49,456,000 (31 March 2017: HK\$49,456,000) due to Excellent Speed Limited ("**Excellent Speed**") which was unsecured, bore interest at the rate of 5% per annum and repayable on demand. Excellent Speed was beneficially owned as to 50% by Dr. Wong Sai Chung ("**Dr. Wong**") and as to 50% by Mr. Lam Wing Sum ("**Mr. Lam**"). Dr. Wong and Mr. Lam are directors of a subsidiary of the Company and considered as key management personnel of the Group as at 30 September 2017.

The related interest payable as at 30 September 2017 was HK\$2,471,000 (31 March 2017: HK\$1,231,000) is included in the Group's other payables and accruals, whereas, the interest expenses paid and payable on loan was HK\$1,240,000 (six months ended 30 September 2016: HK\$3,000,000) is included in the finance cost on the face of the condensed consolidated statement of profit or loss.

- (e) At 30 September 2017, the Group had outstanding balance of HK\$1,996,000 (31 March 2017: Nil) due to Top Success Holdings (Hong Kong) Limited ("**Top Success**"). The balance is unsecured, interest-free and repayable on demand. Top Success was beneficially owned as to 50% by Mr. Qiu, the substantial shareholder of the Company.
- (f) Details of guarantees given to the Group in connection with bank loans granted to the Group are included Note 19(a) and (c) to the unaudited condensed consolidated interim financial information.
- (g) Compensation of key management personnel of the Group

	For the six months ended	
	30 September	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	<u>4,052</u>	<u>12,785</u>

25. Fair value of financial instruments

At 30 September 2017 and 31 March 2017, the investment in equity securities listed in Hong Kong was included in the Group's available-for-sale investments and equity investment 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 2017, HK\$72,000 (31 March 2017: HK\$875,000) of available-for-sale investment in equity securities and HK\$108,831,000 (31 March 2017: HK\$121,916,000) of equity investment at fair value through profit or loss are measured at fair value on a recurring basis respectively.

Fair value hierarchy has been defined in the Group's consolidated financial statements for the year ended 31 March 2017. The Group considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the unaudited condensed consolidated interim financial information approximate to their fair values. There was no transfer between Level 1 and 2 in the current and prior periods.

26. Contingent liabilities

Pending litigation

At 30 September 2017, there were four outstanding cases for compensation and personal injuries claims, against the Group by the employee of the subcontractor and the employee of the Group. The claims were related to the employee of the subcontractor and the employee of the Group who alleged to have suffered from bodily injuries during their course of work and employment in the Group's construction sites. The claims are dealt with and handled by the insurers and are covered by mandatory insurance. The Directors assessed the cases and believed that there would not be a material impact to the financial position of the Group. No provision has been made for the cases in the unaudited condensed consolidated interim financial information.

27. Events after the reporting period

- (a) On 30 October 2017, Turbo Leader (Hong Kong) Limited (“**Turbo**”), an indirect wholly owned subsidiary of the Company, entered into an equity transfer agreement with Shenzhen Jinggangshan Zongheng Equity Investment Management Limited (深圳井岡山縱橫股權投資管理有限公司) (“**Jinggangshan**”), pursuant to which Turbo has conditionally agreed to acquire and Jinggangshan has conditionally agreed to sell the entire equity interest in Shanghai Tin Xi Enterprise Limited (上海錮錫實業有限公司) (the “**Target Company**”) at the consideration of RMB9,998,000 (equivalent to approximately HK\$11,776,000) in cash.

The Target Company involves in the development of the thirteen parcels of land located in Ma Zhan Town, Xinglong Village, Tengchong City, Yunnan Province (雲南省騰沖市馬站鄉興龍村) (the “**Project Land**”) with a total site area of approximately 466,893 square meters and total gross floor area of approximately 933,800 square meters for residential and commercial uses. Upon the completion of the acquisition, Turbo will own the entire equity interest in the Target Company and will indirectly own the entire equity interest in the Project Land. As at the date of this announcement, the conditions precedent to the acquisition has not been fulfilled and therefore the acquisition has not been completed yet.

Further details of which are set out in the Company's announcement dated 30 October 2017.

- (b) On 26 October 2017, 27 October 2017 and 30 October 2017, the Company conducted a series of transactions to dispose on-market of a total of 12,708,000 ordinary shares of Kingston Financial Group Limited for an aggregate gross sale proceeds of HK\$71,923,137 (excluding transaction costs). The Group is expected to recognise a gain of HK\$21,345,297 which is calculated on the basis of the difference between the carrying value as at 30 September 2017 and the disposal price (exclusive of transaction costs).

Further details of which are set out in the Company's announcement dated 30 October 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

The Board presents the unaudited condensed consolidated results of the Group for the six months ended 30 September 2017 to the valued shareholders of the Company (the “**Shareholders**”). The Group’s revenue for the six months ended 30 September 2017 was approximately HK\$152.1 million (six months ended 30 September 2016: HK\$180.2 million), representing decrease of 15.6% over the previous reporting period. Net loss of approximately HK\$56.8 million (six months ended 30 September 2016: net loss of approximately HK\$212.4 million) was incurred for six months ended 30 September 2017, while the basic and diluted loss per share was approximately HK0.6 cents (six months ended 30 September 2016: basic and diluted loss per share was approximately HK6.5 cents).

BUSINESS REVIEW

Foundation Business

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

During the six months ended 30 September 2017, 6 foundation projects were completed, 11 projects were in progress which included 8 public projects and 3 private projects, and the Group was awarded 4 new contracts that worth approximately HK\$36.9 million. The total contract sum on hand as at 30 September 2017 was approximately HK\$295.4 million (30 September 2016: HK\$621.7 million), representing a decline of 52.5% over the previous reporting period while the outstanding contract sum dropped 57.1% to approximately HK\$93.5 million (30 September 2016: HK\$218.0 million).

The Group’s major public contracts on hand include Public Rental Housing Development at Queen’s Hill, Redevelopment of Kwong Wah Hospital, and North West Kowloon Public Rental Housing Development. The Group’s major private contracts on hand include Residential Development at Lohas Park 7, Severn Road and Kai Tak 6562.

Property Development Business

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

The Property Project has (i) a planned site area of approximately 156,403 square meters; (ii) construction area of approximately 115,010 square meters; and (iii) two development phases and 113 residential units. Based on the latest development and sales plan, the 113 residential units were split into 226 smaller saleable units (the “**Saleable Units**”). Development of phase I was completed in September 2015 while the construction of phase II is in progress and is expected to be completed in around the first quarter of 2018. Sales from 4 Saleable Units of phase I with saleable area of approximately 1,837 square meters have been recognised as revenue during the six months ended 30 September 2017.

[#] *The English name of the Chinese entitle is translation of its Chinese name and is included herein for identification purpose only.*

Investment Securities

As at 30 September 2017, the Group had equity investments at fair value through profit or loss of approximately HK\$108.8 million (31 March 2017: HK\$121.9 million) and available-for-sale investments of HK\$72,000 (31 March 2017: HK\$875,000). All these investments represented equity securities listed on the Stock Exchange.

During the six months ended 30 September 2017, the Group recorded losses on disposal and unrealised fair value gains of approximately HK\$1.5 million and HK\$31.2 million respectively (30 September 2016: losses on disposal of approximately HK\$0.9 million and unrealised fair value losses of approximately HK\$93.8 million respectively) in profit or loss for the equity investments at fair value through profit or loss. There was also a net loss on revaluation of Hong Kong listed securities of HK\$0.8 million (six months ended 30 September 2016: approximately HK\$0.6 million) recognised in other comprehensive income, representing the change in fair value of available-for-sale investments. In addition, dividend income of approximately HK\$425,000 (six months ended 30 September 2016: approximately HK\$340,000) received from the investment in Hong Kong listed securities was recognised in profit or loss during the current period.

Significant equity investments at fair value through profit or loss held during the six months ended 30 September 2017 and as at 31 March 2017 are as below:

Company name	Stock code	Principal activities	Name of shares held	% of shareholdings	Unrealised gain/(losses) on fair value change the year <i>HK\$'000</i>	Cost of acquisition <i>HK\$'000</i>	Fair value as at 30 September 2017 <i>HK\$'000</i>	% of net asset of the Group as at 30 September 2017	Fair value as at 31 March 2017 <i>HK\$'000</i>	Reasons for unrealized gain/(losses) on fair value change for the year
1 Teamway International Group Holdings Limited	1239	Design, manufacture and sale of packaging products and structural components and property investment	230,120,000	2.1%	5,063	34,642	15,878	1.0%	10,816	Upward movements of share prices
2 Kingston Financial Group Limited	1031	Provision of securities brokerage, underwriting & placements, margin & IPO financing, corporate finance advisory services, futures brokerage & asset management services; provides gaming & hospitality services in Macau	17,000,000	0.1%	24,650	59,741	67,660	4.2%	43,010	Upward movements of share prices
3 China Healthcare Enterprise Group Limited	1143	Electronic manufacturing services, distribution of communication products and securities and other assets investment	105,140,000	2.1%	5,047	98,728	15,981	1.0%	10,935	Upward movements of share prices
4 Other shares	N/A	N/A	N/A	N/A	(3,543)	65,874	9,312	0.6%	11,950	Downward movements of share prices
					<u>31,217</u>	<u>258,984</u>	<u>108,831</u>		<u>76,711</u>	

Company name	Stock code	Principal activities	Number of shares disposed	Realised gain/(loss) on fair value change for the period <i>HK\$'000</i>	Dividend received during the period <i>HK\$'000</i>	Reason for realised gain/(loss) on fair value change for the period
1 Imperial Pacific International Holdings Limited	1076	Gaming and resort business, including the development and operation of integrated resort on the Island of Saipan, Commonwealth of the Northern Mariana Islands	298,000,000	(1,723)	–	To stop loss
2 Other shares	N/A	N/A	N/A	203	–	To take profit
				<u>(1,520)</u>	<u>–</u>	

Provision of Catering Services

On 18 May 2017 and 14 July 2017, the Company entered into a memorandum of understanding and a sale and purchase agreement, pursuant to which the Company conditionally agreed to transfer its entire interest of the provision of catering services business to an independent third party. On 17 July 2017, the conditions for completion were fulfilled and the transaction was completed. The Group ceased to have any interest in this business segment thereafter.

The provision of catering services business contributed a revenue of approximately HK\$7.9 million and a profit from the discontinued operation of approximately HK\$2.7 million to the Group during the reporting period.

Healthcare Holiday Resort Development and Operation

The Group has engaged in the industry of healthcare holiday resort development and operation in the PRC since the acquisition of 68% equity interest of Anway Group on 19 April 2017. Anway Group, through its wholly-owned subsidiaries in the PRC, owns, manages and operates the Fu Chun Sheshan project (“**Fu Chun Sheshan Project**”) which is located at No.1 Sheyuan Road, Sheshan Town, Songjiang District, Shanghai City, the PRC. The Fu Chun Sheshan Project comprises a parcel of land having a site area of 150,601.6 sq.m and a total gross floor area of approximately 73,214.15 sq.m., with ancillary facilities which are currently being constructed and will be developed as clubhouse, villas, apartments and underground areas for lodging, food and beverage uses, tailoring the needs of customers within the healthcare holiday resort sector in Shanghai and derive rental income from these premises and service fee from the customers. The development consists of 3 phases. The construction works of Phase 1 and 2 are nearly completed and the leasable units are currently undergoing internal and external decorations which are scheduled to be completed in June 2018, while construction of Phase 3 is scheduled to be completed in December 2020.

FINANCIAL REVIEW

Revenue

For the six months ended 30 September 2017, revenue of the Group amounted to approximately HK\$152.1 million, representing a decrease of approximately HK\$28.1 million or 15.6% as compared to approximately HK\$180.2 million for the corresponding period in 2016. The decrease was primarily due to the fewer public projects of the foundation business following the serious delay in approving new infrastructure projects by the Legislative Council of Hong Kong and the Legco Finance Committee. The revenue from the foundation business dropped from approximately HK\$154.5 million for the six months ended 30 September 2016 to approximately HK\$132.4 million for the six months ended 30 September 2017, representing a decrease of approximately HK\$22.1 million or 14.3%. The revenue from property development business decreased from approximately HK\$25.7 million for the corresponding period of 2016 to approximately HK\$19.7 million for the six months ended 30 September 2017 due to the periodic sale plan adjustments carried out by the Group during the period under review.

Gross Loss

Gross loss for the six months ended 30 September 2017 was approximately HK\$4.3 million, representing a decrease of approximately HK\$8.8 million from gross profit of approximately HK\$4.5 million for the corresponding period in 2016. During the period under review, the property development business recorded a gross profit of HK\$1.8 million while the foundation business recorded a gross loss of HK\$6.1 million. Due to the fierce competition in the foundation market, the Group had to reduce the rate of the foundation projects in order to maintain the market share, which resulted in a negative gross margin for the foundation business.

Selling and Distribution Expenses

Selling and distribution expenses increased to approximately HK\$7.6 million for the six months ended 30 September 2017 from approximately HK\$4.0 million for the six months ended 30 September 2016 which mainly came from the new healthcare resort development and operation business acquired by the Group in April 2017 and mainly represented advertising costs and costs for sales and marketing staff.

Administrative Expenses

The Group's administrative expenses increased to approximately HK\$58.5 million for the six months ended 30 September 2017 from approximately HK\$52.5 million for the six months ended 30 September 2016, which represented an increase of approximately 11.4%. Such increase was mainly due to the recognition of consultancy fee for strategic planning services during the period under review.

Finance Costs

Finance costs of the Group decreased from approximately HK\$76.0 million in the six months ended 30 September 2016 to approximately HK\$52.4 million for the six months ended 30 September 2017, representing a decrease of approximately HK\$23.6 million. Such decrease was mainly due to the interest expenses on the promissory notes for paying the consideration of the acquisition of the property development business while no such costs had been recorded in the period under review.

Net Loss

The Group recorded a net loss of approximately HK\$56.8 million for the six months ended 30 September 2017 (six months ended 30 September 2016: net loss of approximately HK\$212.4 million). The net loss narrowed by 73.3% compared to the same period of last year was primarily attributable to the fact that (i) a rise in unrealised fair value on investments in Hong Kong listed securities of approximately HK\$125.1 million; (ii) a fair value gain on investment properties under construction of approximately HK\$17.1 million and interest incomes of approximately HK\$15.3 million recognised under the newly acquired healthcare holiday resort development and operation business; (iii) a decrease in finance cost of approximately HK\$23.6 million during the period.

Discontinued Operation

The revenue from discontinued operation amounted to approximated HK\$7.9 million for the period under review (six months ended 30 September 2016: approximately HK\$11.7 million). The Group completed the disposal of the entire equity interest of Pride Review Group on 17 July 2017, which recorded a loss on disposal of approximately HK\$2.3 million. Its results are presented in this condensed consolidated interim financial information as discontinued operation.

Use of Net Proceeds from the Share Offer

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

	Estimated net proceeds as per the Prospectus <i>(approximately HK\$' million)</i>	Actual net proceeds <i>(approximately HK\$' million)</i>	Used amount <i>(approximately HK\$' million)</i> (as at 30 September 2017)	Unused amount <i>(approximately HK\$' million)</i> (as at 30 September 2017)
Acquisition of machineries and equipments	51.9	64.9	64.9	–
Hiring additional staff	12.0	15.0	9.8	5.2
Partial bank loan repayment	8.0	10.0	10.0	–
General working capital	8.0	10.0	10.0	–
Total	<u>79.9</u>	<u>99.9</u>	<u>94.7</u>	<u>5.2</u>

BUSINESS PROSPECTS

Foundation Business

The foundation industry is still under trough due to limited public projects available and intensive competition in the market. The growing number of competitors listed in the Hong Kong Stock Exchange allows them to have more proceeds from listing to expand their operation. Therefore, the Group needs to keep a competitive pricing strategy and lowers the gross profit margin. Profit margins has also been adversely affected by increasing labour and operating costs and keen competition in the foundation market.

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

Property Development Business

Going into the second half of the year, the PRC government will continue to implement the control measures for the real estate market. It is expected that control on investment and speculation demand will be strengthened while support will be given to the destocking in third and fourth tier-cities. In Yueyang City, property market still holds the dominant economic position and will be in a steady and healthy upward trend. The Group will remain prudent in the near term and revise the marketing and pricing strategies to seize the market opportunities.

Investment Securities

Since the investment securities became one of its principal business activities, the Group has been continuously evaluating the performance of its existing investment portfolio and looking for other investment opportunities. Although the stock market in Hong Kong sustained a general uptrend in the first half year, the future pace of monetary policy normalisation among major central banks will generate uncertainties in the future. The Group will sell the existing listed securities gradually based on the market situation and utilize the proceeds from the disposal for other future business.

Healthcare Holiday Resort Development and Operation

With growing need of healthcare support driven by the increasing aging population, the rising disposable incomes, the increasing demand for quality of life and the promotion of the “Healthy China 2030” strategy released by the State Council of China in recent, the Group believes that healthcare holiday resort development and operation in PRC has promising growth potential. By acquiring 68% equity interest of Anway Group in April 2017, the Group tapped into the healthcare holiday resort development and operation sector. The Group will continue to explore and evaluate business opportunities that may arise in the market as to generate new income stream and enhance its value to shareholders.

DEBTS AND CHARGE ON ASSETS

As at 30 September 2017, the interest-bearing borrowings of the Group consisted of a loan advanced from a related company of approximately HK\$49.5 million denominated in HK\$ (31 March 2017: approximately HK\$49.5 million denominated in HK\$), bank loans of approximately HK\$18.9 million denominated in HK\$ and approximately HK\$353.1 million denominated in RMB (31 March 2017: approximately HK\$29.3 million denominated in HK\$) and other borrowings of approximately HK\$783.0 million denominated in USD (31 March 2017: approximately HK\$773.0 million denominated in USD). As at 30 September 2017, interest payables of approximately HK\$2.5 million for the loan from a related company and interest payables of approximately HK\$0.4 million for the secured loan from bank were included in other payables (31 March 2017: interest payables of approximately HK\$1.2 million for the loan from a related company were included in other payables).

The Group charged its equity interest of subsidiaries with net asset value of approximately HK\$1,187.9 million (31 March 2017: HK\$960.3 million) and investment properties under construction with carrying amount of HK\$1,753.1 million as at 30 September 2017 to secure the Group's borrowing facility and did not pledge any of its plant and machinery for finance leases facilities as at 30 September 2017 and 31 March 2017.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2017, the Group had net current assets of approximately HK\$159.3 million (31 March 2017: HK\$577.3 million) and cash and bank deposits (excluding restricted cash) of approximately HK\$111.0 million (31 March 2017: HK\$410.7 million).

As at 30 September 2017, the gearing ratio of the Group (defined as total interest-bearing liabilities divided by the Group's total equity) was approximately 74.3% (31 March 2017: 153.9%).

The significant decrease in net current assets and gearing ratio were mainly due to the decrease in cash and cash equivalent by approximately HK\$299.8 million and the increase in other payables and accruals and total equity by approximately HK\$231.8 million and HK\$1,067.8 million respectively after the acquisition of 68% equity interest of Anway Group.

CAPITAL STRUCTURE

As at 30 September 2017, the total number of issued shares of the Company was 9,074,000,000 with par value of HK\$0.025 each (31 March 2017: 6,474,000,000 shares with par value of HK\$0.025 each). Changes in capital structure of the Company during the six months ended 30 September 2017 were as follows:

Allotment and Issuance of Subscription Shares

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

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

FOREIGN EXCHANGE RISK

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

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

Acquisition of Assets and Liabilities

Details on the acquisition of assets and liabilities are set out in note 22 to the interim condensed consolidated financial statements on page 18.

Proposed Acquisition of the Entire Equity Interest of a Target Company

Details on the proposed acquisition are set out in note 27(a) to the interim condensed consolidated financial statements on page 21.

Disposal of Subsidiaries

Details of the disposal of Subsidiaries are set out in note 23 to the interim condensed consolidated financial statements on page 19.

Disposal of equity investment at fair value through profit or loss

Details on the disposal of equity investment are set out in note 27(b) to the interim condensed consolidated financial statements on page 21.

Save for the above and as disclosed elsewhere in this announcement, there was no significant investment, acquisition or disposal of subsidiaries and associated companies that should be notified to the Shareholders during the six months ended 30 September 2017. The performance and prospect of the significant investments of the Group during the period under review were discussed under the sections of “Investment Securities” above.

CAPITAL COMMITMENTS

Save as disclosed in note 21(b) to the unaudited condensed consolidated interim financial information on page 17, the Group had no other capital commitments as at 30 September 2017 and 31 March 2017.

CONTINGENT LIABILITIES

There was no material change in the Group’s contingent liabilities as compared to the Company’s 2017 Annual Report. Please refer to note 26 to the interim condensed consolidated financial statements for details of contingent liabilities on page 21.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the changes in information of Directors of the Company subsequent to the date of the 2017 Annual Report are set out below:

Directors	Details of changes
Ms. Lau Mei Ying	resigned as an independent non-executive Director and ceased to act as a member of each of the Audit Committee, the nomination committee (the “ Nomination Committee ”) and the remuneration committee (the “ Remuneration Committee ”) of the Company with effect from 17 July 2017
Mr. Lam Chi Wai	resigned as an independent non-executive Director and ceased to act as the chairman of each of the Audit Committee, the Remuneration Committee and the Nomination Committee with effect from 14 August 2017
Mr. Eric Todd	resigned as an independent non-executive Director and ceased to act as a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee with effect from 14 August 2017

Mr. Dai Dong Xing	appointed as an executive Director, the chairman of the Board (the “ Chairman ”) and the chairman of the Nomination Committee and one of the Authorised Representatives for the purpose of Rule 3.05 of the Listing Rules with effect from 14 August 2017
Mr. Zhang Sheng Hai	appointed as an executive Director with effect from 14 August 2017
Mr. Xu Liang Wei	appointed as an independent non-executive Director and the chairman of the Remuneration Committee and a member of the Audit Committee with effect from 14 August 2017
Mr. Wang Zhe	appointed as an independent non-executive Director and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee with effect from 14 August 2017
Mr. Hua Shan	appointed as an independent non-executive Director and the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee with effect from 14 August 2017
Mr. Mock Wai Yin	ceased to act as the Chairman with effect from 14 August 2017
Mr. Chai Chi Man	resigned as an independent non-executive Director and ceased to be a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee with effect from 27 September 2017
Dr. Wong Yun Kuen	re-designated from an independent non-executive director to an executive director and the chairman of the board of directors of Far East Holdings International Limited (stock code: 36) with effect from 18 July 2017
	appointed as an independent non-executive director, and a member of each of the audit committee and the remuneration committee of Tech Pro Technology Development Limited (stock code: 3823) with effect from 27 September 2017
Mr. Chan Chi Keung, Billy	appointed as an independent non-executive Director and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee with effect from 15 November 2017

OTHER MATERIAL CHANGES

There has been no material change in respect of any other matters since the publication of the Company's 2017 Annual Report except for the following:

1. Changes of the Company's name, stock short name, logo and website of which further details were set out in the Company's announcements dated 14 August 2017 and 28 September 2017 and circulars dated 21 August 2017.
2. Change of the Company's principal place of business in Hong Kong of which further details were set out in the Company's announcements dated 21 August 2017.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 27 to the interim condensed consolidated financial statements on page 21.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2017, the Group had 329 employees (31 March 2017: 314 employees). Total employee costs for the six months ended 30 September 2017 amounted to approximately HK\$59.8 million (six months ended 30 September 2016: HK\$68.7 million).

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

INTERIM DIVIDEND

The Board does not recommend an interim dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: 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 2017 except the following deviations:

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

CODE OF CONDUCT REGARDING DIRECTORS’ SECURITIES TRANSACTIONS

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

The Company has made specific enquiry to all Directors, and all Directors confirmed that they have complied with the Model Code throughout the six months ended 30 September 2017.

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 2017.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

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

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

The Audit Committee had reviewed the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 September 2017 and this interim results announcement. The Audit Committee had confirmed that this interim results announcement complied with all the applicable rules and regulations, including but not limited to the applicable accounting standards and the Listing Rules and that adequate disclosures have been made.

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

Hong Kong, 30 November 2017

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

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