

CONTENTS

Corporate Information	2
Independent Review Report	3
Condensed Consolidated Statement of Profit or Loss	5
Condensed Consolidated Statement of Comprehensive Income	7
Condensed Consolidated Statement of Financial Position	8
Condensed Consolidated Statement of Changes in Equity	10
Condensed Consolidated Statement of Cash Flows	11
Notes to Unaudited Condensed Consolidated Financial Statements	13
Management Discussion and Analysis	39
Disclosure of Interest	53
Share Option Scheme	55
Corporate Governance and Other Information	57

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Dai Dong Xing (*Chairman*)

Mr. Mock Wai Yin

Mr. Wong Yun Kuen

Mr. Zhang Sheng Hai

Non-executive Director

Mr. Chui Kwong Kau

Independent Non-executive Directors

Mr. Chan Chi Keung, Billy

Mr. Hua Shan

Mr. Wang Zhe

Mr. Xu Liang Wei

COMPANY SECRETARY

Ms. So Chit Fun, Lydia

AUDIT COMMITTEE

Mr. Hua Shan (*Chairman*)

Mr. Chan Chi Keung, Billy

Mr. Wang Zhe

Mr. Xu Liang Wei

REMUNERATION COMMITTEE

Mr. Xu Liang Wei (*Chairman*)

Mr. Chan Chi Keung, Billy

Mr. Hua Shan

Mr. Wang Zhe

NOMINATION COMMITTEE

Mr. Dai Dong Xing (*Chairman*)

Mr. Chan Chi Keung, Billy

Mr. Hua Shan

Mr. Wang Zhe

REGISTERED OFFICE

PO Box 1350,

Clifton House

75 Fort Street

Grand Cayman KY1-1108

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2603, 26/F

Shun Tak Centre West Tower

168–200 Connaught Road Central

Sheung Wan, Hong Kong

AUDITORS

Zenith CPA Limited

Rooms 2103-05

21/F, Dominion Centre

43-59 Queen's Road East

Wanchai

Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited

PO Box 1350

Clifton House

75 Fort Street

Grand Cayman KY1-1108

Cayman Islands

PRINCIPAL BANKERS

Bank Of China (Hong Kong)

DBS Bank (Hong Kong) Limited

The Hong Kong and Shanghai Banking Corporation Limited

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricolor Investor Services Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

STOCK CODE

01246

WEBSITE

<http://www.boillhealthcare.com.hk>

INDEPENDENT REVIEW REPORT



TO THE SHAREHOLDERS OF BOILL HEALTHCARE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Boill Healthcare Holdings Limited (the “**Company**”) and its subsidiaries set out on pages 5 to 38, which comprise the condensed consolidated statement of financial position as at 30 September 2017 and the related condensed consolidated statement of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and the Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

INDEPENDENT REVIEW REPORT (continued)

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Zenith CPA Limited

Certified Public Accountants

Hung Pui Yu

Practising Certificate Number: P06702

Hong Kong

30 November 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2017

		Six months ended 30 September	
		2017	2016
		(Unaudited)	(Re-presented) (Unaudited)
	Notes	HK\$'000	HK\$'000
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 gains on investment properties under construction		17,132	–
Fair value gains/(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		(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)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

For the six months ended 30 September 2017

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2017

	Six months ended 30 September	
	2017	2016
	(Unaudited)	(Re-presented) (Unaudited)
	HK\$'000	HK\$'000
LOSS FOR THE PERIOD	(56,828)	(212,421)
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	87,816	(11,636)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	87,012	(12,236)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	30,184	(224,657)
ATTRIBUTABLE TO:		
Owners of the parent	8,961	(224,657)
Non-controlling interests	21,223	–
	30,184	(224,657)
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT ARISING FROM:		
Continuing operations	29,795	(227,617)
Discontinued operation	389	2,960
	30,184	(224,657)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

	Notes	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
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		1,913,896	75,953
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		1,537,123	1,719,495
CURRENT LIABILITIES			
Trade payables	17	38,051	35,137
Other payables and accruals	18	486,357	254,537
Due to related companies	24(d) and (e)	51,452	49,456
Interest-bearing bank and other borrowings	19	801,935	802,310
Tax payable		–	770
Total current liabilities		1,377,795	1,142,210
NET CURRENT ASSETS		159,328	577,285
TOTAL ASSETS LESS CURRENT LIABILITIES		2,073,224	653,238

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 September 2017

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

Dai Dong Xing
Director

Wong Yun Kuen
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017

	Attributable to owners of the parent								Non-controlling interests	Total equity
	Share capital	Share premium account	Merger reserve	Available-for-sale investments revaluation reserve	Exchange fluctuation reserve	Other reserve	Accumulated losses	Total		
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
At 1 April 2016	24,900	153,962	10,000	5,010	(1,437)	-	(3,396)	189,039	-	189,039
Loss for the period	-	-	-	-	-	-	(212,421)	(212,421)	-	(212,421)
Other comprehensive loss for the period:										
Changes in fair value of available-for-sale investments	-	-	-	(600)	-	-	-	(600)	-	(600)
Exchange differences on translation of foreign operations	-	-	-	-	(11,636)	-	-	(11,636)	-	(11,636)
Total comprehensive loss for the period	-	-	-	(600)	(11,636)	-	(212,421)	(224,657)	-	(224,657)
Issue of rights shares (note 20(c))	136,950	766,920	-	-	-	-	-	903,870	-	903,870
Share issue expenses (note 20(c))	-	(24,889)	-	-	-	-	-	(24,889)	-	(24,889)
Partial disposal of interests in subsidiaries	-	-	-	-	-	26,517	-	26,517	53,483	80,000
At 30 September 2016	161,850	895,993	10,000	4,410	(13,073)	26,517	(215,817)	869,880	53,483	923,363
At 1 April 2017	161,850	895,993*	10,000*	2,165*	(21,073)*	26,517*	(572,816)*	502,636	50,660	553,296
Loss for the period	-	-	-	-	-	-	(56,350)	(56,350)	(478)	(56,828)
Other comprehensive (loss)/income for the period:										
Changes in fair value of available-for-sale investments	-	-	-	(804)	-	-	-	(804)	-	(804)
Exchange differences on translation of foreign operations	-	-	-	-	66,115	-	-	66,115	21,701	87,816
Total comprehensive (loss)/income for the period	-	-	-	(804)	66,115	-	(56,350)	8,961	21,223	30,184
Issue of new shares (note 20(d))	65,000	455,000	-	-	-	-	-	520,000	-	520,000
Acquisition of assets and liabilities (note 22)	-	-	-	-	-	-	-	-	517,647	517,647
At 30 September 2017	226,850	1,350,993*	10,000*	1,361*	45,042*	26,517*	(629,166)*	1,031,597	589,530	1,621,127

* These reserve accounts comprise the consolidated reserves of HK\$804,747,000 (31 March 2017: HK\$340,786,000) in the consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2017

	Notes	Six months ended 30 September	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/(used in) operations		71,104	(101,534)
Bank interest received		427	78
Hong Kong profits tax refunded		–	135
Overseas taxes paid		(12,717)	(7,379)
Net cash flows from/(used in) operating activities		58,814	(108,700)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received from loan receivable		15,325	–
Dividends received from listed investments		425	340
Disposal of subsidiaries	23	24,261	–
Proceeds from disposal of items of property, plant and equipment		1,314	3,478
Purchases of items of property, plant and equipment		(783)	(12,612)
Purchases of investment properties under construction		(27,939)	–
Refund from a related company		311,705	–
Prepaid construction costs for investment properties under construction		(64,848)	–
Acquisition of assets and liabilities	22	(859,471)	–
Net cash flows used in investing activities		(600,011)	(8,794)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six months ended 30 September 2017

		Six months ended 30 September	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
	Note		
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	20(d)	520,000	903,870
Share issue expenses		–	(24,889)
Interest paid on bank and other loans		(49,493)	(79,272)
New bank and other loans		353,070	25,000
Redemption of promissory note		–	(245,000)
Repayment of bank and other loans		(250,403)	(111,834)
Repayment to related companies		(336,687)	–
Net cash flows from financing activities		236,487	467,875
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period		410,740	108,901
Effect of foreign exchange rate changes, net		4,941	(11,128)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		110,971	448,154

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Boill Healthcare Holdings Limited (formerly known as “**Ngai Shun 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 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 Company and its subsidiaries (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 financial statements has been prepared on the going concern basis.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have 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 financial statements 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 financial statements for the six months ended 30 September 2017 have 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 financial statements are 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 financial statements.

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 financial statements.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. ACCOUNTING POLICIES *(Continued)*

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. Investment securities: 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.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. SEGMENT INFORMATION (Continued)

Six months ended 30 September 2017

	Continuing operations				Discontinued operation (up to 17 July 2017)	
	Foundation piling (Unaudited) HK\$'000	Property development (Unaudited) HK\$'000	Securities investment (Unaudited) HK\$'000	Healthcare holiday resort development and operation (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Food and beverage (Unaudited) HK\$'000 (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 unallocated expenses, net					(36,276)	(2,286)
Finance costs					(52,383)	–
(Loss)/profit before tax					(56,559)	389
<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	–
Loss on disposal of equity investments at fair value through profit or loss	–	–	(1,520)	–	(1,520)	–

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. SEGMENT INFORMATION (Continued)

Six months ended 30 September 2016

	Continuing operations			Discontinued operation	
	Foundation piling (Unaudited) HK\$'000	Property development (Unaudited) HK\$'000	Securities investment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Food and beverage (Unaudited) HK\$'000 (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 unallocated expenses, net				(14,894)	–
Finance costs				(75,996)	–
(Loss)/profit before tax				(217,699)	2,960
<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)	–

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. SEGMENT INFORMATION (Continued)

30 September 2017

	Foundation piling (Unaudited) <i>HK\$'000</i>	Property development (Unaudited) <i>HK\$'000</i>	Securities investment (Unaudited) <i>HK\$'000</i>	Healthcare holiday resort development and operation (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
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
Other unallocated liabilities					13,145
Total liabilities					1,829,892

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. SEGMENT INFORMATION (Continued)

31 March 2017

	Foundation piling (Audited) HK\$'000	Property development (Audited) HK\$'000	Securities investment (Audited) HK\$'000	Food and beverage (Audited) HK\$'000 (Note 6)	Total (Audited) HK\$'000
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 a related company					49,456
Interest-bearing bank and other borrowings					802,310
Tax payable					770
Deferred tax liabilities					96,680
Other unallocated liabilities					2,995
Total liabilities					1,242,152

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 these unaudited condensed consolidated financial statements 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 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Revenue	7,866	11,736
Cost of services	(2,252)	(2,957)
Administrative expenses	5,614 (2,939)	8,779 (5,819)
Profit before tax from the discontinued operation	2,675	2,960
Income tax	-	-
Profit from discontinued operation	2,675	2,960
Loss on disposal of the Pride Review Group (Note 23)	(2,286)	-
Profit for the period from discontinued operation	389	2,960

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. DISCONTINUED OPERATION (Continued)

Analysis of cash flows of discontinued operation is as follows:

	Six months ended 30 September 2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Operating cash flows	1,868	1,039
Investing cash flows	(838)	(80)
Financing cash flows	–	–
Total cash flows	1,030	959

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 September 2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
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	(29,218)	–
	52,383	75,996

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. LOSS BEFORE TAX

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

	Six months ended	
	30 September	
	2017	2016
	(Unaudited)	(Re-presented)
	HK\$'000	(Unaudited)
		HK\$'000
Bank interest income	(427)	(78)
Interest income from loan to a related company	(15,325)	–
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)
Gain on disposal of items of property, plant and equipment	(1,244)	(3,448)
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)
	56,396	67,333
Foreign exchange differences, net	4,130	7,896

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. INCOME TAX

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

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).

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 (Re-presented)
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
(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
	(56,828)	(212,421)

	Number of shares Six months ended 30 September 2017	2016
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted (loss)/earnings per share calculation	8,818,262,000	3,264,991,000

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

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 (Unaudited) HK\$'000
Carrying amount at beginning of period	–
Acquisition of assets and liabilities (Note 22)	1,643,166
Additions	27,939
Gain from a fair value adjustment	17,132
Exchange realignment	64,873
Carrying amount at end of period	1,753,110

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 valued 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.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

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.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. TRADE AND RETENTION RECEIVABLES (Continued)

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

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

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

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

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

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. TRADE PAYABLES

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

	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
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	2,883	5,380
	38,051	35,137

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 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
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
	486,357	254,537

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. INTEREST-BEARING BANK AND OTHER BORROWINGS

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

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.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. SHARE CAPITAL (Continued)

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 became the single largest substantial shareholder of the Company with 28.65% of the issued share capital of the Company as enlarged by the subscription. Further details of which are set out in the Company’s circular dated 26 January 2017 and announcement dated 19 April 2017.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

(b) Capital commitments

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

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

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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:

	<i>HK\$'000</i>
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)
Total identifiable net assets acquired	836,264
Shareholder's loan assigned	781,383
Non-controlling interest	(517,647)
	1,100,000
Satisfied by:	
Cash	860,000
Other borrowings	240,000
	1,100,000

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. ACQUISITION OF ASSETS AND LIABILITIES (Continued)

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

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

23. DISPOSAL OF SUBSIDIARIES

	<i>HK\$'000</i>
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

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. DISPOSAL OF SUBSIDIARIES (Continued)

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

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

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\$781,380,000 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 the Subscriber 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.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. RELATED PARTY TRANSACTIONS (Continued)

- (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 financial statements.
- (g) Compensation of key management personnel of the Group

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

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 financial statements 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 financial statements.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 (上海鈿錫實業有限公司) (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 report, 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.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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.

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.

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

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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	Cost of acquisition	Fair value as at 30 September 2017	% of net asset of the Group as at 30 September 2017	Fair value as at 31 March 2017	Reasons for unrealized gain/(losses) on fair value change for the year
					HK\$'000	HK\$'000	HK\$'000	HK\$'000		
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
					31,217	258,984	108,831		76,711	

Company name	Stock code	Principal activities	Number of shares disposed	Realised gain/(loss) on fair value change for the period	Dividend received during the period	Reason for realised gain/(loss) on fair value change for the period
				HK\$'000	HK\$'000	
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
				(1,520)	–	

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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 financial statements as discontinued operation.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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	79.9	99.9	94.7	5.2

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.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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 report, 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 33.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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 38.

Disposal of Subsidiaries

Details of the disposal of Subsidiaries are set out in note 23 to the interim condensed consolidated financial statements on page 34.

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 38.

Save for the above and as disclosed elsewhere in this report, 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 financial statements on page 32, 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 37.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Directors	Details of changes
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

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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 38.

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).

DISCLOSURE OF INTEREST

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2017, none of the Directors, the chief executive of the Company nor their associates (as defined in the Listing Rules) had any other interests or short positions in the shares of the Company, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**") which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Directors or the chief executive of the Company is taken or deemed to have under such provisions of the SFO); or (b) were required to be entered into the register maintained by the Company, pursuant to Section 352 of the SFO; or (c) were required to be notified to the Company or the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 of the Listing Rules.

DISCLOSURE OF INTEREST (continued)

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2017, to the best knowledge of the Directors, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were discloseable to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Nature of Interest	Long/short position	No. of Shares held	Approximate Percentage of Shareholding
Liyao Investment Limited (Note 1)	Beneficial owner (Note 2)	Long position	2,600,000,000	28.65%
Qiu Dongfang	Interest in controlled corporation (Note 2)	Long position	2,600,000,000	28.65%

Notes:

- (1) On 30 September 2016, the Company entered into the Subscription Agreement with Liyao Investment Limited as the Subscriber pursuant to which Liyao Investment Limited conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue, in aggregate 2,600,000,000 Subscription Shares at the subscription price of HK\$0.20 per Subscription Share.
- (2) Liyao Investment Limited is a company incorporated in the British Virgin Islands and is 100% owned by Mr. Qiu Dongfang.

Save as disclosed above, as at 30 September 2017, the Company had not been notified of any other persons (other than a Director and chief executive of the Company) who had an interest or short position in the shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO.

SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was adopted pursuant to a resolution passed on 22 September 2013 as to attract and retain the best available personnel and to provide additional incentive to the eligible participants under the Scheme.

Under the Scheme, the Directors may at their absolute discretion and subject to the terms of the Scheme, grant options to any employees (full-time or part-time), directors, consultants or advisor of the Group, or any substantial Shareholder, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, to subscribe for shares of the Company. The eligibility of any participants to the grant of any options shall be determined by the Directors from time to time on the basis of the Directors' opinion as to their contribution to the development and growth of the Group.

During the annual general meeting of the Company held on 29 September 2017, the existing scheme mandate limit in respect of granting of options to subscribe for shares of the Company under the Scheme was refreshed and renewed provided that the total number of Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other share options schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit, that is 907,400,000 shares of the Company. Subject to the approval of the Shareholders, the aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company must not exceed 30% of the Company's shares in issue from time to time. No options may be granted under the Scheme or any other share options schemes of the Company if this will result in the limit being exceeded.

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) under the Scheme in any 12-month period up to date of grant must not exceed 1% of the issued share capital of the Company for the time being. Where any further grant of options to a participant under the Scheme would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such participant and his associates abstaining from voting.

SHARE OPTION SCHEME (continued)

Share options granted to a Director, chief executive or substantial Shareholder, or any of their respective associates must be approved by the independent non-executive Directors (excluding independent non-executive Director who is the grantee). Where any share options granted to a substantial Shareholder or an independent non-executive Director, or any of their respective associates would result in the total number of shares issued and to be issued upon exercise of all options already granted (including options exercised, cancelled and outstanding) under the Scheme and any other share option schemes of the Company to such person in any 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares of the Company in issue and having an aggregate value in excess of HK\$5 million must be approved in advance by the Shareholders.

The offer of a grant of share options might be accepted in writing within 7 days from the date of the offer. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Directors may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option with a remittance in favour of the Company within such time as may be specified in the offer (which shall not be later than 7 days from the date of the offer).

The subscription price shall be a price solely determined by the Directors and notified to a participant and shall be at least the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of the Company's share on the date of grant of the option.

The Scheme shall be valid and effective for a period of ten years commencing on 22 September 2013, subject to early termination provisions contained in the Scheme.

No share options were granted since the adoption of the Scheme and there were no share option outstanding as at 30 September 2017.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 report.

CORPORATE GOVERNANCE AND OTHER INFORMATION (continued)

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 Billy.

The Audit Committee had reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2017 and this interim report. The Audit Committee had confirmed that this interim report 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

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