



Pine Care Group Limited

松齡護老集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 1989

2017
Interim Report
中期報告



Contents

Corporate Information	2
Chairman's Statement	4
Management Discussion and Analysis	7
Corporate Governance and Other Information	15
Condensed Consolidated Statement of Profit or Loss	23
Condensed Consolidated Statement of Comprehensive Income	24
Condensed Consolidated Statement of Financial Position	25
Condensed Consolidated Statement of Changes in Equity	27
Condensed Consolidated Statement of Cash Flows	28
Notes to Condensed Consolidated Interim Financial Statements	30

Corporate Information

BOARD OF DIRECTORS

Executive directors

Mr. Yim Ting Kwok (*Chairman*)

Ms. Cho Wing Yin

Mr. Yim Billy Pui Kei (*Chief Executive Officer*)

Mr. Chan Yip Keung (*Chief Financial Officer*)

Mr. Yim Edwin Pui Hin

Non-executive directors

Mr. Ng Kwok Fu Alex

Mr. Ma Wing Wah

Mr. Lam Yat Hon

Independent non-executive directors

Dr. Wong Ping San John

Mr. Liu Kwong Sang

Dr. Liu Yuk Shing

Mr. Liu Walter Joseph

AUDIT COMMITTEE

Mr. Liu Kwong Sang (*Chairman*)

Dr. Wong Ping San John

Dr. Liu Yuk Shing

Mr. Liu Walter Joseph

NOMINATION COMMITTEE

Mr. Yim Ting Kwok (*Chairman*)

Dr. Wong Ping San John

Dr. Liu Yuk Shing

REMUNERATION COMMITTEE

Dr. Wong Ping San John (*Chairman*)

Mr. Liu Walter Joseph

Mr. Yim Billy Pui Kei

AUTHORISED REPRESENTATIVES

Mr. Yim Billy Pui Kei

Mr. Chan Yip Keung

COMPANY SECRETARY

Mr. Chan Yip Keung

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

G/F, 1 Koon Wah Lane,
68–72 Yuk Wah Street,
Tsz Wan Shan,
Kowloon,
Hong Kong

REGISTERED OFFICE

Cricket Square,
Hutchins Drive,
PO Box 2681,
Grand Cayman KY1-1111,
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square,
Hutchins Drive,
PO Box 2681,
Grand Cayman KY1-1111,
Cayman Islands

Corporate Information

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
Level 22, Hopewell Centre,
183 Queen's Road East,
Hong Kong

AUDITOR

Ernst & Young
22nd Floor,
CITIC Tower,
1 Tim Mei Avenue,
Central, Hong Kong

LEGAL ADVISER

Deacons (As to Hong Kong Law)
5th Floor,
Alexandra House,
18 Chater Road,
Central, Hong Kong

PRINCIPAL BANKERS

China Construction Bank (Asia)
Corporation Limited
28/F,
CCB Tower,
3 Connaught Road Central,
Central, Hong Kong

Hang Seng Bank Limited
83 Des Voeux Road Central,
Hong Kong

The Hongkong and Shanghai Banking
Corporation Limited
1 Queen's Road Central,
Hong Kong

STOCK CODE

1989

COMPANY WEBSITE

www.pinecaregroup.com

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "Board") of Pine Care Group Limited (the "Company"), I am pleased to present the interim report of the Company and its subsidiaries (the "Group") for the six-month period ended 30 September 2017.

Over the past six months, our overall core business has remained stable and healthy. Overall average occupancy rate for the six-month period ended 30 September 2017 was 92.4%, compared to 93.6% for the same period last year. The slight drop in occupancy rate is due to the renovation of several of our care and attention homes, and the EA1 upgrade for two of our care and attention homes, during which time a percentage of residential care places were kept vacant in preparation for the upgrade. As of this writing, the EA1 upgrade for Pine Care (Tak Fung) Elderly Centre has already been completed, while the upgrade for Pinecrest Elderly Centre is expected to be completed within this year. Following the completion of the upgrade, we expect the overall average occupancy rate to pick up during the second half of the financial year. We are also beginning to see the effects of the Government's Pilot Scheme on Residential Care Service Voucher for the Elderly (the "Scheme"), as eligible holders of the voucher are now starting to be admitted into our residential care homes for the elderly. In the long-run, we expect that the Scheme will have a positive impact on our overall average occupancy rate.

On the expansion front, we have made remarkable progress over the past several months. We would like to take this opportunity to thank our dedicated management team for their achievements in building up our project pipeline. Our expansion effort in 2018 will be focused on upscale market segment and Mainland China.

UPSCALE MARKET SEGMENT

Pine Care Place

The fitting out of our new care and attention home, Pine Care Place, located at Yoho Mall I (Extension) in Yuen Long, is near to completion. The new care and attention home has a floor area of 33,424 square feet (equivalent to approximately 3,105 square metre) and is designed to accommodate 68 residential care places. Pine Care Place is positioned as an upscale care and attention home. In addition to a higher standard of accommodation and a higher labour ratio compared to EA1 standards, Pine Care Place will also offer more individualised services and more lifestyle oriented facilities. As a result of the delay in obtaining the occupation permit by the developer and unforeseen complications in the fitting out, our target launch date has now been revised to the first quarter of 2018.

Chairman's Statement

Pine Care Place is the Group's first foray into the upscale market segment and represents a major direction in the Group's future growth strategy. Based on our operational capabilities, our proven track records of delivering quality elderly care services, and trend for increasingly higher levels of service, the Group is optimistic about the growth potentials of the emerging upscale market segment.

Pine Care Point (tentatively named)

In addition to Pine Care Place, we have also entered into a sale and purchase agreement for, among others, the acquisition of the entire issued capital of Lorient Holdings Ltd. (the "Target Company") which owns the target property comprising the front portion of Shop G1b and portion of Shop G2 on G/F, portion of Shop U2B (also known as Shop U2b) on the Upper Ground Floor (including the space beneath the staircase and landing on the upper ground floor) together with the staircase leading to the G/F, whole 1/F to 3/F, portions on 4/F, Maintown Plaza, No. 223–237 Nam Cheong Street, Kowloon, Hong Kong (the "Property"). The Property has a gross floor area of approximately 43,400 square feet, and is conveniently located within walking distance to the Shek Kip Mei MTR station. Together with its efficient layout and ample windows frontage, we believe that the Property is ideally suited for our new care and attention home, Pine Care Point.

It is envisioned that Pine Care Point will become the Group's second foray into the upscale market segment, following the launch of Pine Care Place. The Group believes that the acquisition represents a remarkable opportunity for us to establish our market leadership position in the burgeoning upscale market segment. Targeting with approximately 120 individual rooms, Pine Care Point is expected to offer the same services and similar standard of accommodation as Pine Care Place, including lifestyle oriented facilities such as a hair salon, a cinema and a library.

The acquisition is expected to be completed in January 2018. Upon termination of the relevant existing tenancy, the fitting out for the care and attention home will immediately begin. The new care and attention home is scheduled to commence operation by the first half of 2019.

Chairman's Statement

MAINLAND CHINA

Pine Care Yada

In September 2017, the Group entered into a joint venture with Yada International (HK) Limited ("Yada HK") to develop the elderly care business in Mainland China, under the brand "Pine Care Yada". We believe that the collaboration is especially synergetic. On one hand, the collaboration will enable us to apply our proven business model to a much larger market, while at the same time, capitalising on Yada HK's experience and resources in the Mainland. The strategic cooperation between the Group and Yada HK provides a valuable opportunity for the Group to expand its footprint to the Mainland, a market we believe to hold vast potentials.

The first project of the joint venture is proposed to be the establishment of a residential care home for the elderly which is located inside a large scale healthcare, age-care and leisure community in Wuzhen, Zhejiang. The project is proposed to consist of approximately 83 beds with a total area of approximately 77,400 square feet. It is envisioned that the residential care home for the elderly will commence operation in late 2017 to early 2018. Further details of the formation of joint venture were set out in the Company's announcement dated 18 September 2017.

As always, we would like to thank our shareholders, staff members, customers, bankers and suppliers for their continued trust and support. While we cannot say that our business is without challenges ahead, we are excited by our project pipeline and are confident in our management team in executing the expansion plans.

Yim Ting Kwok

Chairman and Executive Director

22 November 2017

Management Discussion and Analysis

For information on the prospects of the Group's business, please refer to the Chairman's Statement.

FINANCIAL REVIEW

Revenue

The Group's revenue was generated from (i) rendering of elderly home care services including the provision of residence, professional nursing and care taking services, nutritional management, medical services, psychological and social care, and individual care plans; and (ii) sale of elderly home related goods and provision of health care services, in Hong Kong.

Revenue generated from rendering of elderly home care services decreased by approximately 5.1% to HK\$72.5 million for the six-month period ended 30 September 2017 from HK\$76.4 million for the same period last year, which accounted for approximately 83.8% of revenue for the six-month period ended 30 September 2017 and 85.4% of revenue for the same period last year respectively. The decrease was mainly due to the disposal of Pine Care Centre Limited in July 2017 and also the slight decrease in overall average occupancy rate due to the renovation of several of our care and attention homes, and the EA1 upgrade for two of our care and attention homes.

Revenue generated from sale of elderly home related goods and provision of health care services increased by approximately 7.1% to HK\$14.0 million for the six-month period ended 30 September 2017 from HK\$13.1 million for the same period last year which was mainly due to more quality products are introduced to elderly residents.

Total revenue delivered a drop of approximately 3.4% to HK\$86.6 million for the six-month period ended 30 September 2017 from HK\$89.6 million for the same period last year.

Other income and gains

Other income and gains decreased by approximately 33.7% to HK\$6.1 million for the six-month period ended 30 September 2017, which was primarily contributed by the gain on disposal of a subsidiary of HK\$5.9 million, from HK\$9.2 million for the same period last year, which was primarily contributed by the gain on disposal of a warehouse of HK\$8.6 million.

Depreciation

Depreciation represents depreciation charges for our property, plant and equipment which comprise land and buildings, leasehold improvements, furniture, fixtures and other equipment. Depreciation decreased by approximately 6.6% to HK\$3.9 million for the six-month period ended 30 September 2017 from HK\$4.2 million for the same period last year. The decrease in depreciation was primarily due to certain facilities of care and attention homes were fully depreciated during the six-month period ended 30 September 2017.

Management Discussion and Analysis

Amortisation

Amortisation represents amortisation charges for our intangible assets that were recognised upon completion of acquisition of a subsidiary in April 2017. No amortisation was incurred for the six-month period ended 30 September 2016.

Staff costs

Staff costs remained to be the largest component of our operating expenses. Our staff costs include wages, salaries, bonuses, retirement benefit costs, and other allowances and benefits payable to all employees of the Group. Our gross staff costs, before netting off with government grants of HK\$5.4 million for the six-month period ended 30 September 2017 and HK\$4.7 million for the same period last year respectively for hiring specialized professionals for our elderly residents with dementia or infirmity, increased by approximately 10.2% to HK\$48.4 million for the six-month period ended 30 September 2017 from HK\$43.9 million for the same period last year. The increase was primarily contributed by an increase in the average headcounts, a general salary increment and strengthened human resources capabilities through appointment of a human resources manager and a project manager handling the Group's development projects such as Pine Care Place and Pine Care Point.

Property rental and related expenses

Our property rental and related expenses primarily represent rental payments under operating leases, government rent and rates and management fees in respect of our leased properties. Property rental and related expenses remained stable at HK\$8.7 million for the six-month period ended 30 September 2017 compared with HK\$8.6 million for the same period last year.

Food and beverage costs

Our food and beverage costs represent costs of all food ingredients and beverages used for the provision of meals to our residents. The costs decreased by approximately 11.3% to HK\$3.4 million for the six-month period ended 30 September 2017 from HK\$3.9 million for the same period last year. The decrease in food and beverage costs was mainly contributed by the strengthened supply chain management in the procurement processes and the slight decrease in overall average occupancy rate.

Utility expenses

Our utility expenses represent costs of water and electricity for our care and attention homes and office. The costs decreased by approximately 5.9% to HK\$4.0 million for the six-month period ended 30 September 2017 from HK\$4.3 million for the same period last year. The decrease in utility expenses was mainly due to the continual application of efficient consumption strategies to save water and electricity and reduce energy consumption.

Management Discussion and Analysis

Supplies and consumables

Our supplies and consumables represent costs of medical consumable materials used for our operation. The costs increased by approximately 14.7% to HK\$3.3 million for the six-month period ended 30 September 2017 from HK\$2.8 million for the same period last year. The increase in supplies and consumables was mainly due to more quality medical consumable materials were sourced and procured.

Repair and maintenance

Our repair and maintenance expenses are incurred for daily repair and maintenance works in our care and attention homes to ensure the quality and safety of the premises and facilities. The expenses increased by approximately 19.4% to HK\$1.2 million for the six-month period ended 30 September 2017 from HK\$1.0 million for the same period last year. The increase in repair and maintenance expenses was primarily driven by initiatives for improving facilities of our care and attention homes.

Other operating expenses

Our other operating expenses primarily consist of (i) medical and professional fees incurred for engaging external visiting medical officers, dietitians and pharmacists, and additional manpower of physiotherapists, care workers and health workers through employment agencies; (ii) insurance policies for all of our care and attention homes such as business interruption, malicious attack, professional indemnity and employment compensation; (iii) cleaning expenses for our care and attention homes; (iv) legal and professional fees; (v) post-listing corporate expenses; and (vi) various operating expenses.

The expenses increased by approximately 27.9% to HK\$9.7 million for the six-month period ended 30 September 2017 from HK\$7.6 million for the same period last year. The increase in other operating expenses was primarily driven by (i) an increase in medical and professional fees of HK\$0.5 million for obtaining additional temporary workforce to combat short-term labour shortage of the Group and for engaging more physiotherapists through employment agencies for the EA1 upgrade of Pine Care (Tak Fung) Elderly Centre and Pinecrest Elderly Centre; and (ii) an increase in post-listing corporate expenses of HK\$1.1 million incurred for post-listing corporate activities such as printing of annual reports, public and media relations services, environmental, social and governance reporting services, interim financial information agreed-upon procedures services and company secretarial compliance and consulting services.

Management Discussion and Analysis

Other expenses

Other expenses for the six-month period ended 30 September 2016 mainly represented stamp duties in relation to the reorganisation of the Group for the purpose of the listing (the "Listing") of shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). No other expenses were incurred for the six-month period ended 30 September 2017.

Listing expenses

Listing expenses for the six-month period ended 30 September 2016 represented fees to various professional parties in connection with the Listing. No listing expenses were incurred for the six-month period ended 30 September 2017.

Finance costs

Our finance costs mainly represent interest expenses on bank loans. The finance costs decreased by approximately 12.4% to HK\$1.7 million for the six-month period ended 30 September 2017 from HK\$1.9 million for the same period last year. The decrease in finance costs was primarily due to the repayment of bank loans of approximately HK\$41.1 million during the period under review.

Income tax expense

Our income tax expense represents Hong Kong profits tax of 16.5% on estimated assessable profits arising in Hong Kong. The income tax expense decreased by approximately 54.2% to HK\$1.2 million for the six-month period ended 30 September 2017 from HK\$2.6 million for the same period last year. The decrease in income tax expense was primarily attributable to the decreased current tax due to decreased assessable profits and an increase in deferred tax credit.

Profit for the period attributable to equity holders of the Company

Profit for the period attributable to equity holders of the Company decreased by approximately 22.4% to HK\$11.0 million for the six-month period ended 30 September 2017 from HK\$14.2 million for the same period last year.

Management Discussion and Analysis

USE OF PROCEEDS

Net proceeds from the initial public offering and the issue of the 38,880,000 additional shares of the Company (i.e. the Over-allotment Shares) were HK\$137.5 million after deducting all the direct costs associated with the Listing.

As at 30 September 2017, approximately HK\$22.7 million of the net proceeds was used to fund the deposit paid on acquisition of entire issued capital of the Target Company, which is the sole legal and beneficial owner of the target property, for our Group's expansion of our network of care and attention homes in Hong Kong (representing approximately 16.5% of the net proceeds); approximately HK\$16.9 million of the net proceeds was used to fund the renovation works of Pine Care Place (representing approximately 12.3% of the net proceeds); and approximately HK\$13.8 million of the net proceeds was used to fund working capital and other general corporate purposes (representing approximately 10.0% of the net proceeds).

The Company intends to use the remaining net proceeds of approximately HK\$84.1 million to fund the remaining consideration on acquisition of entire issued capital of the Target Company (representing approximately 61.2% of the net proceeds) which is consistent with the said use of proceeds for the Group's expansion that was disclosed in the section headed "Future Plans and Use of Proceeds" in the Company's prospectus dated 27 January 2017 (the "Prospectus"), except that the target property is not situated on the Hong Kong Island.

LIQUIDITY AND FINANCIAL RESOURCES

Our net assets amounted to HK\$208.2 million and HK\$204.8 million as at 31 March 2017 and 30 September 2017 respectively. The slight decrease in net assets was primarily due to the combined effect of profitable operation for the six-month period ended 30 September 2017 and payment of interim dividend in July 2017.

As at 30 September 2017, our cash and bank balances amounted to approximately HK\$84.4 million (31 March 2017: approximately HK\$175.2 million) and were denominated in Hong Kong dollars; and our net current assets were approximately HK\$51.8 million (31 March 2017: approximately HK\$132.2 million). The current ratio, being current assets over current liabilities, was approximately 2.3 times as at 30 September 2017, which decreased from approximately 3.5 times as at 31 March 2017, mainly driven by the payment of the consideration of HK\$15.9 million for the acquisition of a subsidiary and the deposit of HK\$22.7 million paid for the acquisition of interest in the Target Company.

Management Discussion and Analysis

As at 30 September 2017, our interest-bearing bank and other borrowings amounted to approximately HK\$136.7 million (31 March 2017: approximately HK\$177.8 million), among which HK\$17.0 million, HK\$35.4 million, HK\$42.4 million, and HK\$41.9 million were repayable within one year or on demand, in the second year, in the third to fifth years (both years inclusive), and beyond five years respectively (31 March 2017: HK\$32.0 million, HK\$54.4 million, HK\$42.7 million, and HK\$48.7 million respectively). As at 31 March 2017 and 30 September 2017, all of our interest-bearing bank and other borrowings were denominated in Hong Kong dollars and the majority of our interest-bearing bank and other borrowings were secured by the land and buildings of the Group.

Net gearing ratio is measured by the net debt (representing interest-bearing bank and other borrowings net of cash and cash equivalents) over net assets. As at 30 September 2017, our net gearing ratio was 25.5% as compared with the net gearing ratio of 1.2% as at 31 March 2017.

CAPITAL STRUCTURE

As at 30 September 2017, the authorised share capital of the Company was HK\$50,000,000 divided into 5,000,000,000 ordinary shares of HK\$0.01 each, of which 902,880,000 ordinary shares were issued and fully paid.

There has been no change in the capital structure of the Company during the period under review. The capital of the Company comprises ordinary shares and other reserves.

SIGNIFICANT INVESTMENTS HELD

As at 30 September 2017, the Group did not have any significant investments held.

MATERIAL ACQUISITIONS AND DISPOSALS

In early April 2017, the Group completed its acquisition of Tsuen Wan Elderly Care Services Limited, an operating company of a care and attention home located in Tsuen Wan. The purpose of the acquisition was to accommodate the majority of the existing residents of Pine Care (Po Tak Branch) Elderly Centre, which had to be relocated due to the early termination of the lease by the landlord. The relocation of the residents has been completed successfully in May 2017. The new care and attention home was named Pine Care Chun King Elderly Centre. The premises has a net floor area of approximately 11,544 square feet (equivalent to approximately 1,072.5 square metre), and accommodates 113 residents. A new Enhanced Bought Place Scheme agreement with the Social Welfare Department of the Hong Kong Government for the new care and attention home has also been duly executed.

Management Discussion and Analysis

For details of the acquisition, please refer to the section headed “History, Development and Reorganisation — Possible Acquisition after the Track Record Period” and the section headed “Business — Possible Acquisition for relocation of Pine Care (Po Tak Branch) Elderly Centre” in the Prospectus and the announcement of the Company dated 5 April 2017.

In late April 2017, the Group has entered into a formal agreement to dispose of Pine Care Centre Limited, the operating company of Pine Care Centre located in Kwun Tong, in response to the non-renewal of the lease by the landlord. The completion of the first tranche sale shares and second tranche sale shares has taken place on 10 July 2017 and 27 October 2017 respectively. Following the completion of the second tranche sale shares, the Company ceases to hold any interest in Pine Care Centre Limited. Further details of the transaction were set out in the Company’s announcements dated 25 April 2017, 10 July 2017 and 27 October 2017.

EMPLOYEE AND REMUNERATION POLICY

As at 30 September 2017, the Group had a total of 478 full-time and part-time employees (31 March 2017: 465 employees). Our staff costs (excluding government grants) for the six-month period ended 30 September 2017 were HK\$48.4 million (six-month period ended 30 September 2016: HK\$43.9 million).

The Group ensures that the pay levels of its employees are competitive, and employees are rewarded on a performance related basis, together with reference to the profitability of the Group, prevailing remuneration benchmarks in the industry, and market conditions within the general framework of the Group’s remuneration system.

In addition, the Group also adopted a share option scheme (the “Share Option Scheme”) for the purpose of motivating eligible participants to optimise their performance efficiency for the benefit of the Group and to attract and retain or otherwise maintain an on-going business relationship with such eligible participants whose contributions are or will be beneficial to the long-term growth of the Group.

The remuneration of the directors are reviewed by the Remuneration Committee and approved by the Board, according to the relevant director’s experience, responsibility and workload, the time devoted to the Group, the Group’s operating results and comparable market statistics.

Management Discussion and Analysis

EVENTS AFTER THE REPORTING PERIOD

On 13 October 2017, an indirect wholly-owned subsidiary of the Company entered into a sale and purchase agreement for the acquisition of entire issued capital of the Target Company, and the entire amount of the principal, interest (if any) and other sums and indebtedness due, owing or payable to Fidelity Finance Company Limited by the Target Company as at completion, at a consideration of HK\$380,000,000 (subject to adjustment). The consideration will be financed by a combination of the relevant part of net proceeds from the Listing, internal resources and banking facilities of the Group.

The Target Company is the sole legal and beneficial owner of the Property. The total gross area of the Property is approximately 43,400 square feet.

The directors of the Company consider that the acquisition will enable the Group to purchase a property which will be used by the Group, upon termination of the relevant existing tenancy, to set up and operate a new residential care centre for elderly in Sham Shui Po district in Kowloon. The acquisition is expected to be completed by 31 January 2018. Please refer to the Company's announcement dated 13 October 2017 for further details of the said acquisition.

PLEDGE OF ASSETS

As at 30 September 2017, land and buildings with an aggregate carrying amount of HK\$178.7 million (31 March 2017: HK\$181.4 million) and financial assets at fair value through profit or loss with carrying amount of HK\$2.9 million (31 March 2017: HK\$2.9 million) were pledged to secure general banking facilities granted to the Group.

FOREIGN EXCHANGE EXPOSURE

The Group has no significant exposure to foreign currency risk, and hence the Group does not have a foreign currency hedging policy.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 September 2017 and 31 March 2017.

Corporate Governance and Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2017, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

(A) Long position in ordinary shares of the Company

Name of director	Capacity/ nature of interest	Number of shares	Approximate percentage* of shareholding in the Company
Mr. Yim Ting Kwok	Interest held by controlled corporations	604,800,000 (Note)	66.99%
Ms. Cho Wing Yin	Interest held by controlled corporations	604,800,000 (Note)	66.99%
Mr. Yim Billy Pui Kei	Interest held by controlled corporations	604,800,000 (Note)	66.99%
Mr. Chan Yip Keung	Beneficial owner	1,488,000	0.16%
Mr. Yim Edwin Pui Hin	Interest held by controlled corporations	604,800,000 (Note)	66.99%
Mr. Ng Kwok Fu Alex	Interest held by controlled corporations	604,800,000 (Note)	66.99%
Mr. Ma Wing Wah	Beneficial owner	320,000	0.04%

Corporate Governance and Other Information

Note: These shares are held by Pine Active Care Limited ("Pine Active Care"), which is owned as to 90% by Silverage Pine Care Limited ("Silverage Pine Care") and 10% by Silverage Pillar Limited ("Silverage Pillar"). Silverage Pine Care is in turn owned as to an aggregate of 74.25% by Mr. Yim Ting Kwok, Ms. Cho Wing Yin, Mr. Ng Kwok Fu Alex, Ms. Suen Mi Lai Betty (spouse of Mr. Ng Kwok Fu Alex), Mr. Yim Billy Pui Kei, Mr. Yim Edwin Pui Hin and Ms. Chu Lai King (senior management of the Company); whereas Silverage Pillar is in turn owned as to an aggregate of 93.58% by Mr. Yim Ting Kwok and Mr. Ng Kwok Fu Alex. Therefore, Silverage Pine Care, Silverage Pillar, Mr. Yim Ting Kwok, Ms. Cho Wing Yin, Mr. Ng Kwok Fu Alex, Ms. Suen Mi Lai Betty, Mr. Yim Billy Pui Kei, Mr. Yim Edwin Pui Hin and Ms. Chu Lai King are deemed to be interested in the shares of the Company held by Pine Active Care pursuant to Part XV of the SFO.

+ The percentage represents the number of ordinary shares involved divided by the number of the Company's issued shares as at 30 September 2017.

(B) Long position in the shares of associated corporations of the Company

Name of associated corporation	Name of director	Capacity/ nature of interest	Number of shares	Approximate percentage ⁺ of shareholding in the associated corporation	
Silverage Pine Care	Mr. Yim Ting Kwok	Beneficial owner	32,584,558	43.00%	
		Interest of spouse	4,993,649	6.59%	
		Interest held jointly with another person	18,685,316	24.66%	
				56,263,523	74.25%
	Ms. Cho Wing Yin	Beneficial owner	4,993,649	6.59%	
		Interest of spouse	32,584,558	43.00%	
		Interest held jointly with another person	18,685,316	24.66%	
				56,263,523	74.25%
	Mr. Yim Billy Pui Kei	Beneficial owner	4,826,657	6.37%	
Interest held jointly with another person		51,436,866	67.88%		
			56,263,523	74.25%	

Corporate Governance and Other Information

Name of associated corporation	Name of director	Capacity/ nature of interest	Number of shares	Approximate percentage [†] of shareholding in the associated corporation
	Mr. Yim Edwin Pui Hin	Beneficial owner	139,300	0.19%
		Interest held jointly with another person	56,124,223	74.06%
			56,263,523	74.25%
	Mr. Ng Kwok Fu Alex	Beneficial owner	7,491,591	9.89%
		Interest of spouse	550,306	0.73%
		Interest held jointly with another person	48,221,626	63.63%
			56,263,523	74.25%
	Mr. Lam Yat Hon	Beneficial owner	3,502,826	4.62%
	Mr. Ma Wing Wah	Beneficial owner	772,691	1.02%
Pine Active Care	Mr. Yim Ting Kwok	Interest held by controlled corporations	100	100%
	Ms. Cho Wing Yin	Interest held by controlled corporation	90	90%
		Interest of spouse	10	10%
			100	100%
	Mr. Yim Billy Pui Kei	Interest held by controlled corporation	90	90%
	Mr. Yim Edwin Pui Hin	Interest held by controlled corporation	90	90%
	Mr. Ng Kwok Fu Alex	Interest held by controlled corporations	100	100%

Corporate Governance and Other Information

Note: Mr. Yim Ting Kwok, Ms. Cho Wing Yin (spouse of Mr. Yim Ting Kwok), Mr. Ng Kwok Fu Alex, Ms. Suen Mi Lai Betty (spouse of Mr. Ng Kwok Fu Alex), Mr. Yim Billy Pui Kei, Mr. Yim Edwin Pui Hin and Ms. Chu Lai King (senior management of the Company) held an aggregate of 74.25% of the issued share capital of Silverage Pine Care, which in turn held 90% of the issued share capital of Pine Active Care. The remaining 10% of the issued share capital of Pine Active Care is held by Silverage Pillar, which in turn owned as to an aggregate of 93.58% by Mr. Yim Ting Kwok and Mr. Ng Kwok Fu Alex.

As Pine Active Care holds more than 50% of the issued share capital of the Company and Silverage Pine Care holds more than 50% of the issued share capital of Pine Active Care, Pine Active Care and Silverage Pine Care are the associated corporations of the Company within the meaning of Part XV of the SFO.

+ The percentage represents the number of ordinary shares involved divided by the number of issued shares of the associated corporation as at 30 September 2017.

Save as disclosed above, as at 30 September 2017, none of the directors or chief executive of the Company had registered an interest or a short position in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Corporate Governance and Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2017, the following parties (other than the directors or chief executive of the Company) have interests or short positions in the shares or underlying shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long position in ordinary shares of the Company

Name of shareholder	Capacity/ nature of interest	Number of shares	Approximate percentage* of shareholding in the Company
Pine Active Care	Beneficial owner	604,800,000 <i>(Note 1)</i>	66.99%
Silverage Pine Care	Interest held by controlled corporation	604,800,000 <i>(Note 1)</i>	66.99%
Silverage Pillar	Interest held by controlled corporation	604,800,000 <i>(Note 1)</i>	66.99%
Ms. Suen Mi Lai Betty	Interest held by controlled corporation	604,800,000 <i>(Note 1)</i>	66.99%
Ms. Chu Lai King	Interest held by controlled corporation	604,800,000 <i>(Note 1)</i>	66.99%
Mr. Cheung Hung Leung	Interest of spouse	604,800,000 <i>(Note 2)</i>	66.99%
Ms. Cheung Sui Wa Scarlett	Interest of spouse	604,800,000 <i>(Note 3)</i>	66.99%
Ms. Lock Hiu Yan Crystal	Interest of spouse	604,800,000 <i>(Note 4)</i>	66.99%
Yada International (HK) Limited	Beneficial owner	85,536,000	9.47%

Corporate Governance and Other Information

Notes:

1. These shares are held by Pine Active Care, which is owned as to 90% by Silverage Pine Care and 10% by Silverage Pillar. Silverage Pine Care is in turn owned as to an aggregate of 74.25% by Mr. Yim Ting Kwok, Ms. Cho Wing Yin, Mr. Ng Kwok Fu Alex, Ms. Suen Mi Lai Betty (spouse of Mr. Ng Kwok Fu Alex), Mr. Yim Billy Pui Kei, Mr. Yim Edwin Pui Hin and Ms. Chu Lai King (senior management of the Company); whereas Silverage Pillar is in turn owned as to an aggregate of 93.58% by Mr. Yim Ting Kwok and Mr. Ng Kwok Fu Alex. Accordingly, Silverage Pine Care, Silverage Pillar, Ms. Suen Mi Lai Betty and Ms. Chu Lai King are deemed to be interested in these shares pursuant to Part XV of the SFO.
 2. Mr. Cheung Hung Leung is deemed to be interested in these shares of the Company through the interest of his spouse, Ms. Chu Lai King.
 3. Ms. Cheung Sui Wa Scarlett is deemed to be interested in these shares of the Company through the interest of her spouse, Mr. Yim Billy Pui Kei. The relevant interest of Mr. Yim Billy Pui Kei was disclosed in the above section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures".
 4. Ms. Lock Hiu Yan Crystal is deemed to be interested in these shares of the Company through the interest of her spouse, Mr. Yim Edwin Pui Hin. The relevant interest of Mr. Yim Edwin Pui Hin was disclosed in the above section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures".
- + The percentage represents the number of ordinary shares involved divided by the number of the Company's issued shares as at 30 September 2017.

Save as disclosed above, as at 30 September 2017, no person, other than the directors whose interests are set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had registered an interest or a short position in the shares or underlying shares of the Company as recorded in the register of interests required to be kept pursuant to Section 336 of the SFO.

Corporate Governance and Other Information

SHARE OPTION SCHEME

The Company conditionally adopted the Share Option Scheme on 23 January 2017. The purpose of the Share Option Scheme is to enable the Group to grant options to the eligible participants to recruit and retain high-caliber employees and attract human resources that are valuable to the Group.

During the six-month period ended 30 September 2017 and up to the date of this report, no share options were granted by the Company under the Share Option Scheme.

PURCHASE, SALE OR 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-month period ended 30 September 2017.

CORPORATE GOVERNANCE

The Board believes that effective and reasonable corporate governance practices are essential to the development of the Group and can safeguard and improve the interests of the shareholders. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Board is of the view that, during the period under review, the Company has complied all the code provisions set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code, as set out in Appendix 10 to the Listing Rules, as its code of conduct regarding directors' securities transactions in relation to the Company's securities. Having made specific enquiry to all the directors of the Company, all of them confirmed that they had complied with the Model Code throughout the six-month period ended 30 September 2017.

WRITTEN GUIDELINES FOR SECURITIES TRANSACTIONS BY THE RELEVANT EMPLOYEES OF THE COMPANY

The Company has established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines"), governing securities transactions by employees who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by relevant employees was noted by the Company for the period under review.

Corporate Governance and Other Information

AUDIT COMMITTEE

The Audit Committee of the Company (comprising the existing independent non-executive directors of the Company, namely Mr. Liu Kwong Sang, Dr. Wong Ping San John, Dr. Liu Yuk Shing and Mr. Liu Walter Joseph) has reviewed with the management the accounting standards and practices that the Group adopted, and discussed matters related to risk management, internal control and financial reporting. The Audit Committee has discussed and reviewed with the management the Company's unaudited condensed consolidated financial statements for the six-month period ended 30 September 2017 and is of the opinion that such statements complied with the applicable accounting standards and requirements, and that adequate disclosures have been made.

INTERIM DIVIDEND

On 22 November 2017, the Board resolved to declare a second interim dividend of HK0.84 cent per ordinary share, representing a total of approximately HK\$7,584,000, for the year ending 31 March 2018. The second interim dividend will be paid on 9 January 2018 to the Company's shareholders whose names appear on the register of members of the Company at the close of business on 14 December 2017.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to the said second interim dividend, the register of members of the Company will be closed from 12 December 2017 to 14 December 2017, both dates inclusive, during which period no transfer of shares will be registered. In order to be qualified for the said second interim dividend, unregistered holders of shares of the Company should ensure that all share transfer documents, accompanied by the relevant share certificates, are lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 11 December 2017.

Condensed Consolidated Statement of Profit or Loss

For the six-month period ended 30 September 2017

		For the six-month period ended 30 September	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
	<i>Notes</i>		
CONTINUING OPERATIONS			
REVENUE	3	86,551	89,552
Other income and gains	3	6,064	9,150
Depreciation		(3,929)	(4,207)
Amortisation		(1,546)	–
Staff costs		(42,971)	(39,168)
Property rental and related expenses		(8,676)	(8,560)
Food and beverage costs		(3,432)	(3,871)
Utility expenses		(4,045)	(4,300)
Supplies and consumables		(3,258)	(2,840)
Repair and maintenance		(1,223)	(1,024)
Other operating expenses		(9,669)	(7,557)
Other expenses		–	(907)
Listing expenses		–	(7,570)
Finance costs	5	(1,693)	(1,932)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	4	12,173	16,766
Income tax expense	6	(1,180)	(2,577)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		10,993	14,189
DISCONTINUED OPERATIONS			
Loss for the period from discontinued operations	7	–	(22)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		10,993	14,167
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	9		
— For profit for the period		HK1.22 cents	HK2.19 cents
— For profit from continuing operations		HK1.22 cents	HK2.19 cents

Condensed Consolidated Statement of Comprehensive Income

For the six-month period ended 30 September 2017

	For the six-month period ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD	10,993	14,167
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:		
Actuarial gains/(losses) on retirement benefit obligation	752	(179)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	752	(179)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	11,745	13,988

Condensed Consolidated Statement of Financial Position

30 September 2017

		30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	10	208,526	195,733
Financial asset at fair value through profit or loss	12	2,926	2,854
Prepayments, deposits and other receivables		27,849	5,025
Goodwill		33,833	33,833
Intangible assets		13,918	–
Deferred tax assets		3,831	3,543
Total non-current assets		290,883	240,988
CURRENT ASSETS			
Prepayments, deposits and other receivables		6,695	8,672
Trade receivables	11	419	454
Cash and cash equivalents		84,426	175,182
Total current assets		91,540	184,308
CURRENT LIABILITIES			
Trade payables	13	2,086	1,684
Other payables and accruals		18,271	16,600
Interest-bearing bank and other borrowings	14	17,010	32,008
Tax payable		2,355	1,836
Total current liabilities		39,722	52,128
NET CURRENT ASSETS		51,818	132,180
TOTAL ASSETS LESS CURRENT LIABILITIES		342,701	373,168

Condensed Consolidated Statement of Financial Position (Continued)

30 September 2017

		30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	14	119,653	145,759
Provision for long service payments		3,807	4,416
Deferred tax liabilities		14,455	14,784
Total non-current liabilities		137,915	164,959
Net assets		204,786	208,209
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	15	9,029	9,029
Reserves		195,757	199,180
Total equity		204,786	208,209

Condensed Consolidated Statement of Changes in Equity

For the six-month period ended 30 September 2017

		Attributable to equity holders of the Company						
		Issued capital	Share premium account	Merger reserve	Share-based payment reserve	Other reserve	Retained profits	Total
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)								
At 1 April 2017		9,029	148,770*	33,798*	1,691*	(357)*	15,278*	208,209
Profit for the period		-	-	-	-	-	10,993	10,993
Other comprehensive income for the period:								
Actuarial gains on retirement benefit obligation		-	-	-	-	752	-	752
Total comprehensive income for the period		-	-	-	-	752	10,993	11,745
Interim dividend	8	-	-	-	-	-	(15,168)	(15,168)
At 30 September 2017		9,029	148,770*	33,798*	1,691*	395*	11,103*	204,786
(Unaudited)								
At 1 April 2016		-	-	33,798	1,691	-	28,430	63,919
Profit for the period		-	-	-	-	-	14,167	14,167
Other comprehensive loss for the period:								
Actuarial losses on retirement benefit obligation		-	-	-	-	(179)	-	(179)
Total comprehensive income for the year		-	-	-	-	(179)	14,167	13,988
Special dividend	8	-	-	-	-	-	(25,561)	(25,561)
At 30 September 2016		-	-	33,798	1,691	(179)	17,036	52,346

* These reserve accounts comprise the consolidated reserves of HK\$195,757,000 (31 March 2017: HK\$199,180,000) in the condensed consolidated statement of financial position as at 30 September 2017.

Condensed Consolidated Statement of Cash Flows

For the six-month period ended 30 September 2017

	Notes	For the six-month period ended 30 September	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:			
From continuing operations		12,173	16,766
From discontinued operations		–	163
Adjustments for:			
Finance costs	5	1,693	1,932
Interest income	3	(9)	(2)
Depreciation		3,929	4,207
Amortisation		1,546	–
Loss on disposal of financial asset at fair value through profit or loss, net	4	–	57
Gain on disposal of non-current assets classified as held for sale	4	–	(8,643)
Gain on disposal of items of property, plant and equipment	4	–	(122)
Fair value gain on financial asset at fair value through profit or loss	4	(72)	(59)
Provision for long service payments		143	173
Gain on disposal of a subsidiary	4	(5,867)	(34)
Loss on disposal of discontinued operations	17(b)	–	1,190
		13,536	15,628
Decrease in trade receivables		35	1
Increase in inventories		–	(10)
Decrease/(increase) in prepayments, deposits and other receivables		2,217	(4,060)
Increase/(decrease) in trade payables		402	(841)
Increase/(decrease) in other payables and accruals		1,671	(855)
Cash generated from operations		17,861	9,863
Hong Kong profits tax paid		(1,336)	(1,652)
Interest received		9	2
Interest paid		(1,693)	(1,932)
Net cash flows from operating activities		14,841	6,281

Condensed Consolidated Statement of Cash Flows (Continued)

For the six-month period ended 30 September 2017

	Notes	For the six-month period ended 30 September	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(16,741)	(97)
Proceeds from disposal of items of property, plant and equipment		–	141
Proceeds from disposal of non-current assets classified as held for sale		–	11,906
Proceeds from disposal of financial asset at fair value through profit or loss		–	4,804
Disposal of subsidiaries	17	5,976	(178)
Disposal of discontinued operations	17(b)	–	(717)
Acquisition of a subsidiary	16	(15,880)	–
Deposit paid for acquisition of interest in a subsidiary		(22,680)	–
Decrease in amounts due from directors		–	2,481
Net cash flows (used in)/from investing activities		(49,325)	18,340
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		–	4,000
Repayment of bank loans		(41,104)	(9,179)
Interim dividend paid		(15,168)	–
Capital element of finance lease rental payments		–	(60)
Decrease in amounts due to directors		–	(6,094)
Net cash flows used in financing activities		(56,272)	(11,333)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period		175,182	20,902
CASH AND CASH EQUIVALENTS AT END OF PERIOD		84,426	34,190

Notes to Condensed Consolidated Interim Financial Statements

30 September 2017

1. ACCOUNTING POLICIES

The condensed consolidated interim financial information (the “interim financial information”) for the six-month period ended 30 September 2017 is prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants. The accounting policies and basis of preparation adopted in the preparation of the interim financial information are the same as those used in the annual financial statements for the year ended 31 March 2017, except for the following revised Hong Kong Financial Reporting Standards (the “HKFRSs”) that have been adopted by the Company and its subsidiaries (collectively, the “Group”) for the first time for the current period’s 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>
Annual improvements 2014–2016 cycle	Amendments to a number of HKFRSs

The above revised standards has had no significant financial effect on the interim financial information.

Notes to Condensed Consolidated Interim Financial Statements

30 September 2017

1. ACCOUNTING POLICIES (Continued)

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the interim financial information.

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions¹</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts¹</i>
HKFRS 9	<i>Financial Instruments¹</i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
HKFRS 15	<i>Revenue from Contracts with Customers¹</i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers¹</i>
HKFRS 16	<i>Leases²</i>
Amendments to HKAS 40	<i>Transfer of Investment Property¹</i>

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2019

³ No mandatory effective date yet determined but available for early adoption

The Group is in the process of making an assessment of the impact of the new and revised HKFRSs upon initial application, certain of which may be relevant to the Group's operation and may result in changes in the Group's accounting policies, and changes in presentation and measurement of certain items of the Group's interim financial information.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment, which is the provision of elderly home care services. Since this is the only operating segment of the Group, no further operating segment analysis thereof is presented.

The Group's revenue was derived solely from its operations in Hong Kong during the period and the non-current assets of the Group were located in Hong Kong as at 30 September 2017 and 2016.

Information about a major customer

Revenue of approximately HK\$43,332,000 (six-month period ended 30 September 2016: HK\$44,399,000) was derived from the Hong Kong Government under the Enhanced Bought Place Scheme, which amounted to more than 10% of the Group's revenue.

Notes to Condensed Consolidated Interim Financial Statements

30 September 2017

3. REVENUE, OTHER INCOME AND GAINS

Revenue represents the value of elderly home care services rendered and the net invoiced value of goods sold during the period.

An analysis of revenue, other income and gains from continuing operations is as follows:

	For the six-month period ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Revenue		
Rendering of elderly home care services	72,510	76,437
Sale of elderly home related goods and provision of health care services	14,041	13,115
	86,551	89,552
Other income		
Bank interest income	9	2
Rental income	116	324
	125	326
Gains		
Gain on disposal of non-current assets classified as held for sale	–	8,643
Gain on disposal of a subsidiary	5,867	–
Gain on disposal of items of property, plant and equipment	–	122
Fair value gain on financial asset at fair value through profit or loss, net	72	59
	5,939	8,824
	6,064	9,150

Notes to Condensed Consolidated Interim Financial Statements

30 September 2017

4. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

The Group's profit before tax from continuing operations is arrived at after charging/ (crediting):

	Note	For the six-month period ended 30 September	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Cost of inventories sold		6,690	6,710
Depreciation		3,929	4,207
Amortisation of intangible assets		1,546	–
Loss on disposal of financial asset at fair value through profit or loss, net**		–	57
Gain on disposal of items of property, plant and equipment*		–	(122)
Gain on disposal of non-current assets classified as held for sale*		–	(8,643)
Fair value gain on financial asset at fair value through profit or loss*		(72)	(59)
Bank interest income*		(9)	(2)
Gain on disposal of a subsidiary***/#	17	(5,867)	(34)
Government grants****/#		(5,436)	(4,748)

* Included in "Other income and gains" on the face of the condensed consolidated statement of profit or loss.

** Included in "Other expenses" on the face of the condensed consolidated statement of profit or loss.

*** Included in "Staff costs" on the face of the condensed consolidated statement of profit or loss.

Various government grants have been received for the welfare of the elderly in the Group's elderly home care centres. There are no unfulfilled conditions or contingencies relating to these grants.

Notes to Condensed Consolidated Interim Financial Statements

30 September 2017

5. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	For the six-month period ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Interest on bank loans	1,692	1,918
Interest on bank overdrafts	1	1
Interest on finance leases	–	13
	1,693	1,932

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six-month period ended 30 September 2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

	For the six-month period ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Current — Hong Kong		
Charge for the period	1,855	2,742
Deferred	(675)	(165)
Total tax charge for the period	1,180	2,577

Notes to Condensed Consolidated Interim Financial Statements

30 September 2017

7. DISCONTINUED OPERATIONS

As part of the group reorganisation (“Reorganisation”) in preparation for the listing of the Company on the Stock Exchange, the Group disposed of the entire interests in Best Luck Enterprises Limited (“Best Luck”) and Added Twist Limited (“Added Twist”) to Pine Care River Bright Limited (“Pine Care River”), a fellow subsidiary of the Company owned by Pine Active Care Limited (“Pine Active Care”). Best Luck was principally engaged in the operation and management of a general medical clinic whereas Added Twist was principally engaged in the operation and management of a Chinese medical clinic. The reason for the disposal is to delineate other businesses operated by the Group prior to the Reorganisation from its principal business. The disposal of Best Luck and Added Twist was completed in August 2016. Further details of the disposal are given in note 17(b) to the interim financial information.

The results of Best Luck and Added Twist up to the date of the disposal in the prior period are presented below:

	For the six-month period ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Revenue	–	2,542
Expenses	–	(1,189)
Profit before tax from the discontinued operations	–	1,353
Income tax	–	(185)
Loss on disposal of discontinued operations (note 17(b))	–	(1,190)
Loss for the period from the discontinued operations	–	(22)

Notes to Condensed Consolidated Interim Financial Statements

30 September 2017

7. DISCONTINUED OPERATIONS *(Continued)*

The net cash flows incurred by Best Luck and Added Twist up to the date of the disposal in the prior period are as follows:

	For the six-month period ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Operating activities	–	2,340
Net cash inflow	–	2,340
Earnings per share: Basic and diluted, from the discontinued operations	N/A	(HK0.00 cent) [#]

[#] Less than HK0.01 cent

The calculations of basic and diluted earnings per share from the discontinued operations are based on:

	For the six-month period ended 30 September	
	2017 (Unaudited)	2016 (Unaudited)
Loss attributable to ordinary equity holders of the Company from the discontinued operations	–	(HK\$22,000)
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation (<i>note 9</i>)	–	648,000,000

Notes to Condensed Consolidated Interim Financial Statements

30 September 2017

8. DIVIDENDS

	For the six-month period ended 30 September	
	2017 (Unaudited)	2016 (Unaudited)
Special dividend — Nil (2016: HK\$25,561,000) per ordinary share	—	25,561
Interim dividend — HK1.68 cents (2016: Nil) per ordinary share	15,168	—
	15,168	25,561

On 6 September 2016, the Company declared a special dividend of HK\$25,561,000 per share amounting to HK\$25,561,000 in aggregate to its then shareholder prior to the listing of the Company on the Stock Exchange.

On 20 June 2017, the directors resolved to declare an interim dividend of HK1.68 cents per ordinary share for the six-month period ended 30 September 2017 (six-month period ended 30 September 2016: Nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts for profit for the period attributable to ordinary equity holders of the Company is based on the profit for the period attributable to the ordinary equity holders of the Company of HK\$10,993,000 (2016: HK\$14,167,000), and the weighted average number of ordinary shares of 902,880,000 (six-month period ended 30 September 2016: 648,000,000) in issue during the period, on the assumption that the Reorganisation and the capitalisation issue in connection with the listing of the Company had been completed on 1 April 2016.

The calculation of the basic earnings per share amounts for profit from continuing operations attributable to ordinary equity holders of the Company is based on the profit from continuing operations for the period attributable to the ordinary equity holders of the Company of HK\$10,993,000 (2016: HK\$14,189,000), and the weighted average number of ordinary shares of 902,880,000 (six-month period ended 30 September 2016: 648,000,000) in issue during the period, on the assumption that the Reorganisation and the capitalisation issue in connection with the listing of the Company had been completed on 1 April 2016.

Notes to Condensed Consolidated Interim Financial Statements

30 September 2017

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY *(Continued)*

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the six-month period ended 30 September 2016 included 1 issued ordinary share of the Company upon completion of the Reorganisation and 647,999,999 ordinary shares of the Company issued by capitalisation issue, on the assumption that these shares had been in issue throughout the six-month period ended 30 September 2016.

No adjustment has been made to the basic earnings per share amount presented for the six-month periods ended 30 September 2017 and 2016 as the Group had no potentially dilutive ordinary shares in issue during these periods.

10. PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended 30 September 2017, the Group acquired and disposed of property, plant and equipment of HK\$16,849,000 (six-month period ended 30 September 2016: HK\$97,000) and nil (six-month period ended 30 September 2016: HK\$29,000), respectively, acquired property, plant and equipment of HK\$416,000 (six-month period ended 30 September 2016: Nil) through acquisition of a subsidiary, and disposed of property, plant and equipment of HK\$544,000 (six-month period ended 30 September 2016: Nil) through disposal of a subsidiary.

At 30 September 2017, the Group's land and buildings with a total carrying amount of HK\$178,734,000 (31 March 2017: HK\$181,411,000) were pledged to secure general banking facilities granted to the Group (note 14).

11. TRADE RECEIVABLES

	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
Trade receivables	419	454

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing. They are stated net of provision.

Notes to Condensed Consolidated Interim Financial Statements

30 September 2017

11. TRADE RECEIVABLES (Continued)

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

	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
Within one month	233	246
One to two months	70	121
Two to three months	33	65
Over three months	83	22
	419	454

The aged analysis of the trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
Neither past due nor impaired	233	246
Less than one month past due	70	121
One to three months past due	116	87
	419	454

Receivables that were neither past due nor impaired relate to a number of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Notes to Condensed Consolidated Interim Financial Statements

30 September 2017

12. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
Insurance asset	2,926	2,854

Notes:

- (a) The Group entered into a life insurance policy with an insurance company to insure an executive director. Under the policy, the Group is the beneficiary and the policy holder. The above insurance asset was, upon initial recognition, designated by the Group as a financial asset at fair value through profit or loss. The fair value of the insurance asset is determined based on the cash surrender value less the surrender charge at the end of each reporting period.
- (b) The Group's financial asset at fair value through profit or loss with a carrying amount of HK\$2,926,000 (31 March 2017: HK\$2,854,000) was pledged as security for the Group's bank loans as at 30 September 2017, as further detailed in note 14 to the interim financial information.

13. TRADE PAYABLES

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

	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
Within one month	2,077	1,669
One to two months	9	15
	2,086	1,684

The trade payables are non-interest-bearing and generally have payment terms of 30 days.

Notes to Condensed Consolidated Interim Financial Statements

30 September 2017

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 September 2017 (Unaudited)			31 March 2017 (Audited)		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
Current						
Bank loans — secured	1.24 -3.44	On demand	17,010	1.18 -3.38	On demand	32,008
Non-current						
Bank loans — secured	1.24 -3.44	2018 -2035	119,653	1.18 -3.38	2018 -2035	145,759
			136,663			177,767

Notes:

- The Group's bank borrowings are denominated in Hong Kong dollars.
- Certain of the Group's bank borrowings are secured by a mortgage over the Group's land and buildings, which had an aggregate carrying amount as at 30 September 2017 of approximately HK\$178,734,000 (31 March 2017: HK\$181,411,000) (note 10).
- Certain of the Group's bank borrowings are secured by a pledge over the Group's financial asset at fair value through profit or loss with a carrying amount as at 30 September 2017 of HK\$2,926,000 (31 March 2017: HK\$2,854,000) (note 12).
- Certain of the Group's bank borrowings are jointly guaranteed by certain subsidiaries of the Company.
- The amounts payable based on the maturity terms of the bank and other borrowings are analysed as follows:

	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
Bank loans:		
Within one year or on demand	17,010	32,008
In the second year	35,377	54,379
In the third to fifth years, inclusive	42,401	42,674
Beyond five years	41,875	48,706
	136,663	177,767

Notes to Condensed Consolidated Interim Financial Statements

30 September 2017

15. SHARE CAPITAL

	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
Authorised:		
5,000,000,000 ordinary shares of HK\$0.01 each	50,000	50,000
Issued and fully paid:		
902,880,000 ordinary shares of HK\$0.01 each	9,029	9,029

16. ACQUISITION OF A SUBSIDIARY

On 3 April 2017, the Group entered into a sale and purchase agreement with independent third parties to acquire the entire equity interest of a private company operating an existing care and attention home situated in Hong Kong. The purchase consideration of HK\$15,880,000 for the acquisition was in the form of cash. The purpose of the acquisition is to provide new location for an existing care and attention home operated by a subsidiary with existing lease agreement being discontinued by the landlord. The acquisition was completed on 5 April 2017. As at the date of completion of the acquisition, the acquiree only held certain property, plant and equipment and the acquisition was therefore accounted for as an acquisition of assets. The majority of the consideration was paid for the acquisition of a license.

The cost of the identifiable assets and liabilities as at the date of acquisition were as follows:

	Cost recognised on acquisition HK\$'000
Property, plant and equipment	416
Intangible assets	15,464
Total identifiable net assets	15,880
Satisfied by:	
Cash	15,880

Notes to Condensed Consolidated Interim Financial Statements

30 September 2017

17. DISPOSAL OF SUBSIDIARIES

(a) Disposal of a subsidiary in the current period

	For the six-month period ended 30 September 2017 HK\$'000
Net assets disposed of:	
Property, plant and equipment	544
Deferred tax assets	58
Prepayments, deposits and other receivables	171
	<u>773</u>
Gain on disposal of a subsidiary	5,867
	<u>6,640</u>
Satisfied by:	
Cash	5,976
Other receivable	664
	<u>6,640</u>

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

	For the six-month period ended 30 September 2017 HK\$'000
Cash consideration and net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	<u>5,976</u>

Notes to Condensed Consolidated Interim Financial Statements

30 September 2017

17. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of subsidiaries in the prior period

	Best Luck and Added Twist HK\$'000	Giant Success International Holdings Limited ("Giant Success") HK\$'000	Total HK\$'000
Net assets disposed of:			
Property, plant and equipment	6	7,086	7,092
Investment properties	–	15,810	15,810
Deferred tax assets	43	–	43
Trade receivables	77	–	77
Inventories	187	–	187
Prepayments, deposits and other receivables	280	70	350
Cash and cash equivalents	1,549	178	1,727
Other payables and accruals	(10)	(120)	(130)
Trade payables	(12)	–	(12)
Interest-bearing bank borrowings	–	(5,969)	(5,969)
Tax payable	(98)	(18)	(116)
	2,022	17,037	19,059
Loss on disposal of discontinued operations <i>(note 7)</i>	(1,190)	–	(1,190)
Gain on disposal of a subsidiary <i>(note 4)</i>	–	34	34
	832	17,071	17,903
Satisfied by:			
Cash	832	–	832
Consideration offset against dividend payable <i>(note 18)</i>	–	17,071	17,071
	832	17,071	17,903

Notes to Condensed Consolidated Interim Financial Statements

30 September 2017

17. DISPOSAL OF SUBSIDIARIES (Continued)

(b) Disposal of subsidiaries in the prior period (Continued)

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

	Best Luck and Added Twist	Giant Success	Total
	HK\$'000	HK\$'000	HK\$'000
Cash consideration	832	–	832
Cash and bank balances disposed of	(1,549)	(178)	(1,727)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(717)	(178)	(895)

18. NOTE TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transaction

During the period ended 30 September 2016, the Company declared a special dividend of HK\$25,561,000 to its then shareholder, which was settled by offsetting the consideration receivable for the disposal of Giant Success by the Group to Pine Active Care of HK\$17,071,000 and the net consideration receivable for the disposal of certain investment properties classified as held for sale by the Group to Giant Success of HK\$8,490,000 (after netting off the related outstanding mortgage loan of HK\$5,560,000).

19. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities at the end of the reporting period.

Notes to Condensed Consolidated Interim Financial Statements

30 September 2017

20. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its portion of an elderly center under an operating lease arrangement, with the lease negotiated for a term of twenty months.

At the end of the reporting period, the Group had total future minimum lease receivables under the non-cancellable operating lease with its tenant falling due as follows:

	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
Within one year	120	240

(b) As lessee

The Group leases certain of its elderly centres under operating lease arrangements. Leases for these properties are negotiated for terms ranging from two to six years.

At the end of the reporting period, 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	14,494	11,201
In the second to fifth years, inclusive	22,474	24,672
After five years	1,153	3,459
	38,121	39,332

In addition, the operating lease rentals for certain elderly centres are based on the higher of a fixed rental and a contingent rent depending on the revenue of these elderly centres pursuant to the terms and conditions as set out in the respective rental agreements. As the future revenue of these elderly centres could not be reliably determined, the relevant contingent rent has not been included above and only the minimum lease commitments have been included in the above table.

Notes to Condensed Consolidated Interim Financial Statements

30 September 2017

21. 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:		
Land and buildings	4,193	6,142

22. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these interim financial information, the Group had the following transactions with related parties:

		For the six-month period ended 30 September	
	<i>Notes</i>	2017 HK\$'000	2016 HK\$'000
Rental expenses paid to a fellow subsidiary	<i>(i)</i>	168	20
Rental income from a fellow subsidiary	<i>(i)</i>	120	20
Visiting medical service fees paid to a director of certain subsidiaries of the Company and a former director of the Company	<i>(ii)</i>	378	360
Purchases of medicines from a fellow subsidiary	<i>(iii)</i>	149	59

Notes:

- (i) The rentals were determined at rates mutually agreed by the relevant parties.
- (ii) The service fees were determined at rates in accordance with the terms and conditions set out in the contracts entered into between the relevant parties.
- (iii) The purchases were conducted at prices mutually agreed between the relevant parties.

Notes to Condensed Consolidated Interim Financial Statements

30 September 2017

22. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Other transactions with related parties

- (i) During the six-month period ended 30 September 2016, the Group disposed of its entire interests in Best Luck and Added Twist to Pine Care River, a company controlled by the Controlling Shareholders, as part of the Reorganisation, for a consideration of HK\$675,000 and HK\$157,000, respectively. These transactions were completed on 19 August 2016.
- (ii) During the six-month period ended 30 September 2016, the Group disposed of its entire interest in Giant Success to Pine Active Care, a company controlled by the Controlling Shareholders, as part of the Reorganisation, for a consideration of HK\$17,071,000. This transaction was completed on 19 August 2016.

(c) Compensation of key management personnel of the Group:

	For the six-month period ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Salaries, allowances and benefits in kind	1,827	1,361
Pension scheme contributions	46	37
Total compensation paid to key management personnel	1,873	1,398

Notes to Condensed Consolidated Interim Financial Statements

30 September 2017

23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 September 2017:

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Financial asset at fair value through profit or loss	–	–	2,926	2,926

As at 31 March 2017:

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Financial asset at fair value through profit or loss	–	–	2,854	2,854

Notes to Condensed Consolidated Interim Financial Statements

30 September 2017

24. EVENTS AFTER THE REPORTING PERIOD

- (a) On 13 October 2017, the Group entered into a sale and purchase agreement with an independent third party for the acquisition of the entire issued capital of Lorient Holdings Ltd. ("Lorient") at an aggregate consideration of approximately HK\$380 million. Up to the date of acquisition, Lorient holds properties situated in Hong Kong.

Lorient is the sole legal and beneficial owner of the target property situated in the Sham Shui Po district in Kowloon which comprises the front portion of Shop G1b and portion of Shop G2 on G/F, portion of Shop U2B (also known as Shop U2b) on the Upper Ground Floor (including the space beneath the staircase and landing on the upper ground floor) together with the staircase leading to the G/F, whole 1/F to 3/F, portions on 4/F, Maintown Plaza, No. 223–237 Nam Cheong Street, Kowloon, Hong Kong (the "Property"). Upon termination of the relevant existing tenancy, the Property will be used as a new residential care centre for elderly operated by the Group. The transaction is expected to be completed in January 2018.

- (b) On 22 November 2017, the Company declared an interim dividend of HK\$0.0084 per share amounting in aggregate to HK\$7,584,000 to the members of the Company.

25. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

These interim financial information was approved and authorised for issue by the board of directors on 22 November 2017.



嶺南初秋明

全画於寶馬山亭

