保集健康控股有限公司
BOILL HEALTHCARE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1246

Annual Report
2018

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Dai Dong Xing *(Chairman)*
Mr. Mock Wai Yin
Dr. Wong Yun Kuen
Mr. Zhang Sheng Hai

Non-executive Director

Mr. Chui Kwong Kau

Independent Non-executive Directors

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

BOARD COMMITTEES

Audit committee

Mr. Hua Shan *(Chairman)*
Mr. Chan Chi Keung, Billy
Mr. Xu Liang Wei
Mr. Wang Zhe

Nomination committee

Mr. Dai Dong Xing *(Chairman)*
Mr. Chan Chi Keung, Billy
Mr. Hua Shan
Mr. Wang Zhe

Remuneration committee

Mr. Xu Liang Wei *(Chairman)*
Mr. Chan Chi Keung, Billy
Mr. Hua Shan
Mr. Wang Zhe

COMPANY SECRETARY

Mr. Yuen Chin Yau (appointed on 13 July 2018)
Mr. Lei Kin Keong (resigned on 13 July 2018)

AUTHORISED REPRESENTATIVE

Mr. Dai Dong Xing
Mr. Yuen Chin Yau (appointed on 13 July 2018)
Mr. Lei Kin Keong (resigned on 13 July 2018)

REGISTERED OFFICE

PO Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

AUDITORS

Zenith CPA Limited
Rooms 2103-05
21/F., Dominion Centre
43-59 Queen's Road East
Wanchai
Hong Kong

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
PO Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Hang Seng Bank, Limited
Bank of China (Hong Kong) Limited

STOCK CODE

1246 (Main Board of The Stock Exchange of Hong Kong Limited)

WEBSITES

www.boillhealthcare.com.hk

Chairman's Statement

Dear Shareholders,

On behalf of the Board (the "**Board**") of directors (the "**Director(s)**") of Boill Healthcare Holdings Limited ("**Company**") and its subsidiaries (collectively the "**Group**"), I am pleased to present the annual consolidated results of the Group for the financial year ended 31 March 2018 ("**2018 Year**") to the shareholders of the Company.

FINANCIAL RESULTS PERFORMANCE

Continuing operations

The Group's revenue for 2018 Year was approximately HK$738.15 million from continuing operations, representing an increase of approximately HK$251.03 million or 51.53%, compared to the revenue approximately HK$487.12 million from continuing operations for the year ended 31 March 2017 ("**2017 Year**").

The Group recorded a net loss of approximately HK$195.23 million for 2018 Year (2017 Year: approximately HK$572.24 million. Basic loss per share for continuing operations for 2018 Year were HK$0.02 (2017 Year: HK$0.12 (represented)).

The foundation piling business, one of the Group's principal businesses, was adversely affected by slower approval progress of infrastructure projects by the Legislative Council of Hong Kong ("**Legco**") and its Finance Committee in these years. It led to a decrease in number of tenders of construction projects. As a result, the Group needs to keep a competitive pricing strategy and a lower gross profit margin in order to maintain its market share.

The property development business, in spite of the substantial revenue generated in the current year, suffered losses mainly due to write-down of completed properties held for sale and write-down of properties under development to net realisable value.

Net loss from continuing operations for 2018 Year was significantly reduced by 65.88% against 2017 Year, which was primarily attributable to gains on equity investments during 2018 Year and fair value gains on investment properties under construction. Details are disclosed in Financial Review section of this annual report.

Discontinued operation

The Group's revenue from discontinued operation amounted to approximately HK$7.87 million from 1 April 2017 to the date of completion of the disposal on 17 July 2017 (2017 Year: HK$24.03 million). In addition, the Group recorded a net profit of approximately HK$0.39 million (2017 Year: HK$1.05 million). Its results are presented in the notes to consolidated financial statements under discontinued operation.

BUSINESS STRATEGY

The business strategy of the Group is shifting towards four major aspects, namely tourism and vacation, leisure and wellness, health care, and cultural entertainment. The main content of investment is development and operational services. Under this strategy, the Group has invested in two projects in Shanghai and Yunnan during 2018 Year.

On 19 April 2017, the Group completed the acquisition of 68% equity interest in Anway Real Estate Limited ("**Anway**") also known as Fu Chun Sheshan Project (the "**Shanghai Project**"), and its subsidiary, which own, operate and manage a property located in Shanghai, the People's Republic of China (the "**PRC**") that, will be developed into clubhouse, apartments and underground areas for lodging and leasing for wellness and healthcare services and provide health preservation, wellness and healthcare services. Strategic direction of Shanghai Project is to embrace the concept of a "health and wellness community". The services would be diversified, covering healthcare, wellness, elderly residence, medical and hospitality. The direction of the product line is "health valley". The Group thus will expand into healthcare and resort development which is a rapid growing industry in a first-tier city in Mainland China.

On 22 December 2017 the Group completed the acquisition of 44% equity interest in Tengchong Zhongheng Volcanic Tourism Development Company Limited 騰衝縱橫火山旅遊發展有限公司 (the "**Tengchong Project**"), which will be developed into a travel and vacation properties to be operated by the Group. The Tengchong Project is to be named Phoenix Boill-Eden. The strategic direction covers five sectors: tourism and vacation, recreational wellness, cultural entertainment, health and care and resort. The range of services includes tourism, culture, entertainment, wellness and other support service, while products line comprise hotels, apartments, villas, and other supporting facilities. The Board expects the Tengchong Project will generate revenue from holiday packages of the resort, the operation of hotel, commercial and cultural tourism facilities, and other auxiliary items in the foreseeable future.

In the meantime, the Directors realise the strategic value of acquiring land reserves so as to secure saleable resources for its future real estate development and brand building of the Company in the property market of the PRC to the Group's success. The Group will consider obtaining premium land sites through tender, auction and listing in the open markets through joint venture enterprises established with top real estate developers. In China's real estate market, large-scale players usually have more advantages in land auctions, financing, marketing and pricing. Co-operation with top real estate developers would enhance the Group's market penetration and increase the success rate in securing land sites in the open markets with the additional benefits of lowering financing costs.

Asset management will simultaneously develop in both the asset light model and the asset heavy model, enhancing allocation in light asset model to increase cash inflow and value for the shareholders.

APPRECIATION

I would like to offer the Board's sincere gratitude to the management team and all of its staff for their hard work and dedication. Their commitments are of vital importance in enhancing the Company's sustainable development. Finally, I would like to take this opportunity to thank our shareholders and all other stakeholders for their continuous support to the Group.

By order of the Board of
Boill Healthcare Holdings Limited

Dai Dong Xing
Executive Director and Chairman

Hong Kong

Management Discussion and Analysis

BUSINESS REVIEW

Foundation Piling Business

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

The Group undertakes foundation piling projects in both the public sector and the private sector in Hong Kong. Due to keen competition in the foundation piling industry, the Group adopts competitive pricing strategies in order to maintain the market share. During 2018 Year, the Group has completed 16 projects, 5 projects were in progress which included 3 public projects and 2 private projects, and has been awarded 6 new contracts worth approximately HK$77.30 million in total. Revenue recognised for the foundation piling business during the 2018 Year was approximately HK$220.04 million (2017 Year: HK$268.03 million), representing a significant decline of 17.90% over the last year.

As at 31 March 2018, the total contract sum on hand (including contracts completed during the year, contracts in progress and contracts of which work is yet to commence) amounted to approximately HK$394.41 million (31 March 2017: HK$734.50 million), representing a decline of 46.30% over last year, while the outstanding contract sum decreased to HK$57.10 million (31 March 2017: HK$209.40 million). The Group's major public contracts on hand include Public Rental Housing Development at Chung Nga Road and Public Rental Housing Development at West Kowloon. Major private contracts on hand include Residential Development at Lohas Park 7 and Commercial Development at NKIL No. 6557 Kai Tak.

Ngai Shun Construction & Drilling Company Limited recorded approximately HK$23.79 million net loss before taxation which included the depreciation expenses from machinery of approximately HK$26.53 million for 2018 Year.

In view of the growing competition in the foundation piling market and the decrease in the number of public projects, the Foundation piling business is expected to undergo a difficult period. As such, Pearl Swirls Group recorded loss continuously for 2017 Year and 2018 Year. The foundation piling industry are not expected to turn around in the medium term.

Due to keen competition in the market and the decrease in the number of foundation piling projects, Ngai Shun Construction & Drilling Company Limited has disposed of idle machinery at a total consideration of approximately HK$16.41 million during 2018 Year in order to generate operating cash flow to cope with daily operations.

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 a property (the "Property Project"). The Property Project is located on the western shores of 南湖 (Nanhu Lake#), Yueyang, Hunan province, the PRC, which is 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 m^2 and (ii) a construction gross floor area of approximately 105,032 m^2. In total, there are 226 villas with a saleable area of approximately 87,449 m^2, 85 shops with approximately 7,367 m^2, 25 apartments with approximately 7,133 m^2 for sale, and it is expected a further 9 units with approximately 3,083 m^2 will be renovated from club house to shops for sale.

Last year, the Group has recorded a revenue of HK$218.37 million from the sales of 48 villas with 19,418 m^2 and the accumulated disposal of 77 villas with 29,655 m^2. During 2018 Year, the sale of 82 villas with 31,702 m^2, 55 shops with 4,737 m^2 and 17 apartments with 4,609 m^2 contributed a revenue of approximately HK$516.29 million in total.

China's central bank announced a tightened housing mortgage policies to curb speculations in the property market and control credit risk. However, with the expanding economy and rising household income in the PRC, the demand for residential properties with improved environment has been increasing. The management decided to dispose of all the properties held for sale at the end of the fourth quarter of 2018 in order to accelerate the cash inflow for repayment of loan owed to China Huarong International Holdings Limited.

As at 31 March 2018, the Property Projects have recorded receipt in advances amounting to approximately HK$71.25 million.

Healthcare Holiday Resort Development And Operation In Shanghai Project And Yunnan Project

Shanghai Project

With the expanding economy and rising household income in the PRC, the demand for health preservation and healthcare services has been experiencing a rapid development. In particular, the consumption propensity and demands from the middle-aged and elderly people are growing at a faster pace.

Due to the above, one of the Group's long term strategies is to develop its health preservation and healthcare services business. The acquisition of 68% equity interest in Anway Group on 19 April 2017, through its wholly-owned subsidiaries in Mainland China, owns, manages and operates the Shanghai Project, which is located at No.1 Sheyuan Road, Sheshan Town, Songjiang District, Shanghai City, the PRC. Shanghai Project comprises a parcel of land of 150,601.6 m^2 and a total gross floor area of approximately 79,265.8 m^2, with ancillary facilities which are currently being constructed. It will be developed into clubhouse, villas, apartments, and underground areas for lodging and leasing and will provide health preservation, elderly care and healthcare services.

The development consists of three phrases. The construction works of Phase 1 and Phase 2 are nearly completed and the leasable units are currently undergoing internal and external decorations which are scheduled to be completed by October 2018, while the construction of Phase 3 is scheduled to be completed by December 2020. Shanghai Project will develop into healthcare resort. To ensure its sustainable growth, the Group will continue to put more effort to explore the market to seize the business opportunity of growing market demand in health preservation and healthcare services.

Management Discussion and Analysis

Tengchong Project

In recent years, the continuous growth of tourism and holiday spending in Mainland China, and the evolvement of the concept of travel and vacation in the public perspective, have contributed to tremendous business opportunities. After the initial stage of simple sightseeing experience, leisure and vacation travel is progressively overtaking sightseeing tours, to become the mainstream of future tourism. The Board considers this phenomenon may result in substantial increase in consumer spending on vacation products. Various provincial and local governments in the PRC have successfully implemented a series of policies to promote the travel and vacation-related industries. This not only provides a boost for the sustainable development of the industry, but also enhances the value of and demand for travel and vacation related real estates.

In view of the aforesaid, the Board believes that the development and operation of travel and vacation related real estates will become the next growing business for the Group.

On 22 December 2017, the Group, through its wholly-owned subsidiary, namely Turbo Leader (Hong Kong) Limited, obtained 44% equity interest in the Tengchong Project and made capital contributions as registered share capital to Tengchong Project of RMB44,000,000 (equivalent to HK$52,682,000).

The Tengchong Project consists of thirteen parcels of land located in Ma Zhan Town, Xinglong Village, Tengchong City, Yunnan Province（雲南省騰衝市馬站鄉興龍村）, with a total site area of approximately 463,931 m^2 and total gross floor area of approximately 931,770 m^2 zoned for residential and commercial uses ("Tengchong Project Area"). Since the Tengchong Project Area is located in an international leisure tourism city which is close to the major highways and airport and is easily accessible through various trunk roads, the Board believes that the Tengchong Project will help the Group consolidate and strengthen the Group's land reserves for the development of healthcare resorts as well as cultural tourism and leisure real estate communities. It is expected that Tengchong Project will generate revenue from the sale of holiday plans provided by the resorts, and the operation of hotel, commercial and cultural tourism facilities, as well as other auxiliary items, in the future. The 44% equity interest in the Tengchong Project indirectly held by the Group would be accounted for under the equity method.

Investment Securities

As at 31 March 2018, the Group had equity investments at fair value through profit or loss of approximately HK$14.95 million (31 March 2017: approximately HK$121.92 million) and available-for-sale investments of approximately HK$0.19 million (31 March 2017: HK$0.88 million). All these investments represented equity securities listed on the Stock Exchange.

In the case of equity investments at fair value through profit or loss, the Group recorded a gain on disposal and fair value gains on equity investments of approximately HK$58.07 million and HK$6.04 million respectively during 2018 Year (2017 Year: a loss on disposal and fair value losses of approximately HK$51.06 million and HK$143.11 million respectively). For available-for-sale investments, the Group recorded a loss on revaluation of approximately HK$0.68 million (2017 Year: loss of HK$2.29 million) in other comprehensive income and gain on disposal of available-for-sales investment of approximately 1.48 million against 2017 Year of approximately HK$0.54 million. Dividend income received from the listed securities during 2018 Year was approximately HK$0.43 million against 2017 Year of HK$0.34 million.

The equity investments at fair value through profit or loss has significantly decreased from approximately HK$121.92 million as at 31 March 2017 to approximately HK$14.95 million as at 31 March 2018 to realise the equity investment to (i) repay the loan interest due to China Huarong International Holdings Limited; (ii) settle the consideration in relation to the acquisition of Anway Group and (iii) be utilised for the Group's general working capital.

Equity investment at fair value through profit or loss held during the 2018 Year and as at 31 March 2018 are as below:

Company name	Principal activities	Number of shares held	Percentage of shareholdings	Unrealised (losses)/gain on fair value change for the year HK$'000	Dividend received during the year HK$'000	Cost of acquisition HK$'000	Fair value as at 31 March 2018 HK$'000	Percentage of net asset of the Group as at 31 March 2018	Fair value as at 31 March 2017 HK$'000	Reason for unrealised gains/(losses) on fair value change for the year
Li Bao Ge Group Limited (stock code: 8102)	Operation of a chain of Chinese restaurants including WB Restaurant and Olympian Restaurant	390,000	0.05%	(2,367)	–	2,525	158	0.01%	N/A	Downward movement of share prices
China Healthcare Enterprise Group Limited (stock code: 1143)	Provision of marketing and distribution of communication products, property investment, trading of beauty care products and electronic medical devices	61,364,000	1.03%	8,407	–	57,621	14,789	0.95%	6,382	Upward movement of share prices
				6,040	–	60,146	14,947		6,382	

Company name	Principal activities	Number of shares disposed	Realised gains/(losses) on fair value change for the year HK$'000	Dividend received during the year HK$'000	Reasons for realised gains/(losses) on fair value change for the year
China Healthcare Enterprise Group Limited (stock code: 1143)	Marketing and distribution of communication products, property investment, trading of beauty care products and electronic medical devices, and provision of consultancy and agency services	43,776,000	8,974	–	To realise investment gain
China Wah Yan Healthcare Limited (stock code: 648)	Operating of a chain of sports and healthcare clubhouses in China, a chain of optical products and eye-care services retail shop in Hong Kong, the provision of obstetric and gynecological services in Hong Kong and asset management business	100,000,000	(2,087)	–	To reduce loss
Imperial Pacific International Holdings Limited (stock code: 1076)	Engaged in the gaming and resort business including the development and operation of integrated resort on the island of Saipan	298,000,000	(1,723)	–	To reduce loss and realised cash for the partial consideration for the acquisition of Anway Real Estate Limited which completed on 19 April 2017
Global Mastermind Capital Limited (stock code: 905)	Investment in securities in Hong Kong, Canada, the United States of America and China	15,000,000	(1,155)	–	To reduce loss
Kingston Financial Group Limited (stock code: 1031)	Provision of a wide range of financial services including securities brokerage, underwriting and placements, margin and initial public offering financing, corporate finance advisory services, futures brokerage and asset management services, and provision of gaming and hospitality services in Macau	17,000,000	53,772	425	To realise investment gain and obtain additional cash flow as general working capital
Other listed shares	N/A	N/A	291	–	To gain profit or reduce loss
			58,072	425	

None of the available-for-sale investment has a carrying amount that accounts for more than 5% of the Group's audited total assets as at 31 March 2018.

Other listed shares represented the Group's investments in over five companies whose shares are listed on the Main Board of the Stock Exchange of Hong Kong. The realised gain or (losses) of each of these companies ranged from realised gain of approximately HK$936,000 to realised loss of approximately HK$733,000.

FINANCIAL REVIEW

Revenue

The Group's revenue for 2018 Year was approximately HK$738.15 million from continuing operations, representing an increase of approximately HK$251.03 million or 51.53%, against the revenue of approximately HK$487.12 million in 2017 Year.

During the year, public projects of foundation piling were adversely affected by serious delay in approving new infrastructure projects by Legco and its Finance Committee. The revenue from the business of foundation piling dropped from approximately HK$268.03 million in 2017 Year to approximately HK$220.04 million in 2018 Year, representing a decrease of approximately HK$47.99 million or 17.90%. The drop in revenue was partially offset by the revenue from property development segment, which contributed approximately HK$518.11 million to the total revenue of the Group for 2018 Year (2017 Year: HK$219.09 million).

The Group has acquired Anway Group on 19 April 2017 but revenue contribution has not yet been realised from the healthcare resort development and operation as the interior decoration of the club house and other facilities were still being constructed during the year. The Board expects it will commence operation from October 2018.

Gross loss

The Group's gross loss from continuing operations was approximately HK$108.61 million in 2018 Year, decreased by approximately 42.53% against 2017 Year.

During the current year, the Group recorded a gross loss amounting to HK$105.58 million to property development segment, which comprised write-down of completed properties held for sales and properties under development to net realisable value of approximately HK$22.56 million. In 2017 Year, the Group has decided to provide a large discount on selling price to customers to expedite sales and generate cash flows due to the expected further tightening of housing policies implemented by the PRC government. Even the selling price per square meter has slightly increased during the year but the effect of the price cutting to expedite sales has contributed to the gross loss of the property developments business.

In foundation piling segment, the Group is facing keen competition. As such, the Group had to reduce the pricing of the foundation projects to maintain market share and contain the increasing labour and operating costs. It still encountered negative gross margin for the foundation piling. In order to mitigate the effect of the price cutting, the Group has disposed of idle equipment to reduce the depreciation and maintenance cost, and laid off idle staff to reduce the fixed cost.

Selling and distribution expenses

Selling and distribution expenses, which related to (i) the property development business and (ii) the newly acquired healthcare resort development and operation of Shanghai Project, increased from approximately HK$7.14 million last year to approximately HK$22.06 million for the year. Shanghai Project incurred expenses of approximately HK$6.00 million, mainly due to increased advertising and marketing staff, from acquisition of Anway Group from 19 April 2017 to 31 March 2018. In addition, the significant increase in cost was attributable to the increase in (i) advertising and promotion fee; (ii) commission and (iii) agency fee caused by the increased sales volume.

Administrative and other expenses

The Group's administrative and other expenses from the continuing operations were approximately HK$106.35 million, representing an increase of approximately 30.30% for the year against 2017 Year. Shanghai Project recorded approximately HK$9.12 million as administrative expenses for the year. In addition to the Shanghai Project, the increase in administrative and other expenses was mainly due to the increase in (i) staff cost brought by idle staff and depreciation of idle equipment of the foundation piling business, (ii) legal and other professional fees, and (iii) Directors' fee for the year 2018.

Finance costs

Finance costs of the Group decreased from approximately HK$127.89 million in 2017 Year to approximately HK$93.87 million in 2018 Year, representing a decrease of approximately HK34.02 million. Such decrease was mainly due to the significant decrease in interest expenses on the promissory notes and interest on bank and other loans.

Discontinued operation

The revenue from discontinued operation amounted to approximately HK$7.87 million from 1 April 2017 to the date of completion of the disposal on 17 July 2017 (From 1 April 2016 to 31 March 2017: HK$24.03 million).

The Group recorded a net profit of approximately HK$0.39 million including a loss on disposal of subsidiaries, net of transaction costs of approximately HK$2.29 million (From 1 April 2016 to 31 March 2017:HK$1.05 million).

Net loss

The Group's net loss was approximately HK$195.23 million in 2018 Year against approximately HK$572.24 million in 2017 Year. The significantly reduced net loss for the year by 65.88% was primarily attributable to (i) the Group recorded a gain on disposal and fair value gain on equity investment approximately HK$58.07 million and HK$6.04 million respectively during the year ended 31 March 2018 (2017: the Group recorded a loss on disposal and fair value losses of approximately HK$51.06 million and HK$143.11 million); (ii) the interest income of approximately HK$14.77 million; (iii) the decrease in finance cost of approximately HK$34.02 million during 2018 Year; (iv) the increase in gain on disposal of property, plant and equipment of approximately HK$5.29 million against 2017 Year; and (v) fair value gains on investment properties under construction of approximately HK$17.41 million.

The Group overall performance was adversely affected by declining business in the foundation piling and property development for the Year.

USE OF NET PROCEEDS FROM THE SHARE OFFER

The net proceeds from the share offer of the Company in connection with the listing of the Company on 16 October 2013 was approximately HK$99.9 million. The Group has used the net proceeds as follows:

	Estimated net proceeds as per the prospectus (approximately HK$ million)	**Actual net proceeds** (approximately HK$ million)	**Used amount** (approximately HK$ million) (as at 31 March 2018)	**Unused amount** (approximately HK$ million) (as at 31 March 2018)
Acquisition of machinery and equipment	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

The unused amount of approximately HK$5.2 million is expected to be used for hiring additional staff by 2019.

BUSINESS PROSPECTS

Foundation Piling Business

The performance of the foundation industry has still been adversely affected due to fewer public projects and keener competition in the market. More competitors are listed on the Stock Exchange and can raise fund for expansion. Therefore, the Group has to keep a competitive pricing strategy and lower gross profit margin. Profit has also been adversely affected by increasing labour and operating costs.

Meanwhile, the slow progress of approval of new infrastructure projects in these years by Legco and its Finance Committee has led to decrease in construction projects. The continuously limited number of public projects has inevitably intensified market competition.

In view of the above, the Group would project uncertainty in the business prospect of foundation business.

Development and operation of Healthcare Resort in the PRC

With the steady growth of China's economy and the increase in household income, the demand for the wellbeing represented by high-quality living, tourism, vacation and healthcare services will continue to increase, which provides the Company with great opportunities for sustainable expansion of property and development and operation of healthcare holiday resort.

The Group has formulated a long-term growth strategy and objective, targeting the development and the operation of property encompassing tourism, healthcare culture, and medical and health as the core business of the Group in the future.

The Tengchong Project (case name: "Fenghuang Baoji Eden Garden") will provide stable cash flow and better profits for the project through the development and sales of holiday products and the operation of hotel, commercial, and cultural tourism, and will drive the sustainable development of travel and holiday business.

The Shanghai Project providing health preservation and healthcare services and leasing of property and hotel operations, is expected to bring stable cash inflow and long-term income to the project, and promote the stable development of the Group.

As in Chairman's Statement indicated, land reserve and brand capital are vital for the future success of the Group. The Group is considering to establish joint ventures with large-scale real estate developers to strengthen the advantages of acquisition of lands in open markets.

Looking forward, the Management remain optimistic about China's overall macroeconomic environment and political stability.

Investment in Equity Securities

The Board understands that the performance of the investments may be affected by the degree of volatility in the stock market and is subject to other external factors that may affect their values. The Group will continue to maintain a diversified investment portfolio to minimise the possible financial risks.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors are aware that the Group is exposed to various specific risks in which the Group operates or general risks to the Group. The Directors have established a policy to identify, report, monitor and manage such risks on a continuous basis.

The Group is facing the financial risks including interest rate risk, equity price risk, foreign currency risk, credit risk and liquidity risk. Details of the financial risks management are set out in note 46 "Financial Risk Management Objectives and Policies" to the consolidated financial statements.

As far as the foundation piling business is concerned, the slow approval process of new infrastructure projects by the Legco and its Finance Committee under the current political environment has reduced the number of public projects which in turn has intensified competition. Besides, the Company has to estimate the construction time and costs in order to determine the construction fee, which may be adversely affected by many factors, including but not limited to labour shortage and cost escalation of materials and supplies, difficult geological condition, adverse weather conditions, additional variations to the construction plans requested by the customers or technical construction consultants, disputes with sub-subcontractors, accidents, changes in the Hong Kong government's priorities and unforeseen issues and operating circumstances. There is no assurance that the actual construction time and costs would not exceed the estimation during the actual implementation of the projects. Any factor above will definitely affect the profit margin and operation results of the Group.

In relation to the property development business, it is subject to economic, political and legal developments in China. In recent years, the economic trend and government policies including but not limited to policies changes in mortgage deposits and ownerships, interest rate changes, property-purchasing limitations as well as supply and demand conditions in China have been affecting the properties market. The Group is used to actively assessing the overall economic, political and legal developments in China before adopting or altering business strategies in the property development business.

On healthcare resort development and operation, it is subject to seasonal, political and legal development and changes in the economy in China. The Group would actively conduct continual reviews of competition, legal and political changes as well as market trends for setting its business strategies in marketing and pricing to ensure the profitability of the Group.

On investment securities, there is an inherent risk that losses may be incurred as the price of securities may fluctuate due to various market factors which are out of the control of the Group.

Except for the above specific risks for the segment business, below are further general risks applied to the Group.

(a) Personnel Risk

The Group's success and ability to grow depend largely on its ability to attract, retain and motivate professionals or experienced personnel. The loss of key personnel, or the inability to find qualified personnel for replacement, could materially and adversely affect the Group's prospects and operations.

(b) The importance of sufficient funding

The Group is going to monitor and measure the liquidity and funding risks and ensure a sufficient cash flow for the business operations.

DEBTS AND CHARGE ON ASSETS

As at 31 March 2018, the interest-bearing borrowings of the Group consisted of a loan from a related company of approximately HK$53.16 million (31 March 2017: HK$50.69 million), bank loans of approximately HK$368.32 million (31 March 2017: HK$29.34 million) and other borrowings of approximately HK$787.00 million (31 March 2017: HK$772.97 million).

As at 31 March 2018, the Group's bank loan of approximately HK$357.51 million was secured by construction in progress and investment properties under construction of the Group with a total carrying value of approximately HK$1,923.88 million. The Group's other loans of approximately HK$787.00 million were secured by equity interests of an associate and certain subsidiaries of the Group.

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2018, the Group had net current liabilities of approximately HK$223.97 million (31 March 2017: net current assets of approximately HK$574.81 million) and cash and bank deposits (excluding restricted cash) of approximately HK$210.39 million (31 March 2017: HK$410.74 million).

As at 31 March 2018, the gearing ratio of the Group (defined as total borrowings and amounts due to related companies divided by the Group's total equity) was approximately 78.49% (31 March 2017: 154.17%).

The Group had net current liabilities HK$223.97 million for the year ended 31 March 2018 due to (i) the consideration for the disposal of the completed properties held for sale was valuated at discount and (ii) the net outflow of cash in respect of acquisition of Anway Group was HK$859.47 million ("Net Consideration") even the net consideration of approximately HK$520 million has been funded by the share subscription by Mr. Qiu Dongfong through Liyao Investment Limited.

The significant improvement in gearing ratio was mainly due to the subscription of Shares by Mr Qiu Dongfong through Liyao Investment Limited amounting to HK$520 million which completed on 19 April 2017.

CAPITAL STRUCTURE

As at 31 March 2018, 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 with par value of HK$0.025 each). Changes in capital structure of the Company during the year ended 31 March 2017 were as follows:

On 30 September 2016, 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 ordinary shares of the Company ("**Subscription Shares**") 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 annual report, the total number of issued shares of the Company increased to 9,074,000,000 with a 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 respectively, and circular of the Company dated 26 January 2017.

The gross proceeds arising from the subscription has been utilised in full to settle part of the consideration of the acquisition of Anway Group.

FOREIGN EXCHANGE RISK

The Group mainly operates in Hong Kong and Mainland China and most of the operating transactions, revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars and Renminbi. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that the Group should have sufficient resources to meet foreign exchange requirements as and if it arises. Therefore, the Group has not engaged in any derivative activities to hedge its exposure to foreign exchange risk.

COMMITMENTS

As at 31 March 2018, the Group had commitments of approximately HK$335.11 million (31 March 2017: HK$85.40 million) in respect of the development costs for property development business and healthcare resort development and operation.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND INVESTMENT IN AN ASSOCIATED COMPANY

Acquisition of Assets and Liabilities

Details of the acquisition of assets and liabilities are set out in note 39 to this annual report on page 124.

Acquisition of an associate company

On 22 December 2017 Turbo Leader (Hong Kong) Limited, an indirect wholly-owned subsidiary of the Company, completed the acquisition of 44% equity interests in Tengchong Zongheng Volcanic Tourism Development Company Limited（騰衝縱橫火山旅遊發展有限公司）(in English, for identification purpose only) ("**Tengchong Project**") from Shanghai Xi Dianxi Industry Company Limited（上海鈿錫實業有限公司）("**Dianxi**") (in English for identification purpose only) without any consideration but Turbo Leader (Hong Kong) Limited has committed the registered capital to Tengchong Project amounting to RMB44,000,000 which has been settled on 22 December 2017. As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the capital commitment are below 5%, the acquisition did not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

After the completion of the acquisition of Tengchong Project, Tengchong Project was classified as an associate and has been accounted for in the consolidated financial statements by using equity method.

Disposal of Subsidiaries

Details of the disposal of Subsidiaries are set out in Note 40(a) of this annual report on page 125.

Disposal of equity investment at fair value through profit or loss

On 26 October 2017, 27 October 2017, 30 October 2017 and 31 October 2017, the Company conducted a series of transactions to dispose on market of a total of 17,000,000 ordinary shares of Kingston Financial Group Limited for an aggregate gross sale proceeds of approximately HK$96,782,000 (excluding transaction costs). The Group is expected to recognise a gain of approximately HK$53,772,000 which is calculated on the basis of the difference between the carrying value as at 1 April 2017 and the disposal price (exclusive of transaction costs).

Save for the above (i) acquisition of assets and liabilities, (ii) acquisition of an associate company, (iii) disposal of subsidiaries and (iv) the disposal of equity investment and as disclosed elsewhere in this annual report, there was no significant investment, material acquisitions or disposal of subsidiaries and associated companies that should be notified to the Shareholders during the year ended 31 March 2018.

CONTINGENT LIABILITIES

As at 31 March 2018, there were four outstanding cases for compensation and personal injuries claims, against the Group by the employees of the subcontractors and the employees of the Group in respect of the foundation piling business. The claims were related to the employees of the subcontractors and the employees of the Group who alleged to have suffered bodily injuries during their course of work and employment in the Group's construction sites in Hong Kong. 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 on the financial position of the Group. No provision has been made for the cases in the consolidated financial statements.

Save as disclosed above, the Group has no significant contingent liabilities as at 31 March 2018 and 31 March 2017.

EMPLOYEE AND HUMAN RESOURCES POLICY

The Group has approximately 276 employees as at 31 March 2018 (31 March 2017: 314 employees). The total remuneration of employees for 2018 Year amounted to approximately HK$109.67 million (2017 Year: HK$110.62 million).

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

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

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for 2018 Year (2017: nil).

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Dai Dong Xing ("**Mr. Dai**"), aged 55, appointed as the Chairman of the Board with effect from 14 August 2017. Mr. Dai holds a degree in a silk engineering from Zhejiang Silk Technology College (currently known as Zhejiang Sci-tech University). He has extensive experience in property operation and management. Mr. Dai joined Boill Holding Group Company Limited ("**Boill Holding Group**") in 1999 and held various positions including vice president for Boill Holding Group and manager, general manager and president for various subsidiaries of Boill Holding Group during the period from 1999 to 2016. Prior to joining the Boill Holding Group, he held managerial positions as technician, weaving workshop officer, deputy director and director of China Ningbo Xiangshan Silk Factory from 1983 to 1999.

Mr. Mock Wai Yin ("**Mr. Mock**"), the chairman of the Board until 14 August 2017 and has remained as an executive Director, aged 46, joined the Group on 15 July 2015. Mr. Mock holds a Master of Philosophy in Biochemistry from The Chinese University of Hong Kong and a Master of Science in Hazard Analysis and Critical Control Point from University of Salford. He also holds a Postgraduate Diploma in Professional Accounting. Mr. Mock has 16 years of experience in research analysis and over 3 years of world-wide experience in natural resources, project investment and property development as well as project valuation and budget management. He has been an executive director of Cornerstone Financial Holdings Limited (formerly known as Focus Media Network Limited) (a company whose shares are listed on the GEM of the Stock Exchange with Stock Code: 8112) since 27 November 2015. He was also an executive director of China Minsheng Drawin Technology Group Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 726) from 20 December 2013 to 1 February 2015.

Dr. Wong Yun Kuen ("**Dr. YK Wong**"), an executive Director, aged 60, joined the Group on 5 July 2016. He received a Ph.D. degree from Harvard University, and was a "Distinguished Visiting Scholar" at Wharton School of the University of Pennsylvania. He has worked in financial industries in the United States and Hong Kong for many years, and has considerable experience in corporate finance, investment and derivative products. Dr. YK Wong is a member of Hong Kong Securities and Investment Institute. He is an Adjunct Professor of Syracuse University, USA, the chairman and an executive director of UBA Investments Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 768). He has been a non-executive director of China Sandi Holdings Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 910), and an independent non-executive director of DeTai New Energy Group Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 559), GT Group Holdings Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 263), Kaisun Energy Group Limited (a company whose shares are listed on the GEM of the Stock Exchange with Stock Code: 8203) and Kingston Financial Group Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 1031). Dr. YK Wong was also an independent non-executive director of Sincere Watch (Hong Kong) Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 444) from September 2012 to November 2017, Huge China Holdings Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 428) from September 2004 to January 2015, independent non-executive director of Synergis Holdings Limited (a company whose shares are listed on the Mainboard of the Stock Exchange with Stock Code: 2340), independent non-executive director of Tech Pro Technology Development Limited (a company whose shares are listed on the Mainboard of the Stock Exchange with Stock Code: 3823), and Bauhaus International (Holdings) Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 483) (October 2004 to December 2016), chairman and executive director of Far East Holdings International Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 36) from December 2014 to July 2017.

Mr. Zhang Sheng Hai ("**Mr. Zhang**"), aged 41, appointed as executive Director of the Board with effect from 14 August 2017. Mr. Zhang holds a business administration diploma from China University of Geosciences and a business administration degree from Southwest University of Science and Technology. Mr. Zhang has over 10 years of experience in real estate industry and has extensive experience in construction and management of real estate development. He is currently the general manager of Nanchang Shenbiao Real Estate Development Co., Limited, a wholly owned subsidiary of Boill Holding Group. He has joined Boill Holding Group in 1994 and served as deputy manager, manager and general manager for various subsidiaries of Boill Holding Group during the period from 1994 to 2016. Mr. Zhang has been a director for various subsidiaries of Boill Holding Group since 2016.

NON-EXECUTIVE DIRECTOR

Mr. Chui Kwong Kau ("**Mr. Chui**"), a non-executive Director, aged 51, joined the Group on 6 March 2015. He has over 20 years' experiences in financial management, accounting and auditing fields. Mr. Chui has been currently an executive director of Hong Kong Life Sciences and Technologies Group Limited (a company whose shares are listed on the GEM of the Stock Exchange with Stock Code: 8085) since 30 November 2009. Mr. Chui is also a non-executive director of Hsin Chong Group Holdings Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 404) since 23 May 2015 and a non-executive director of DeTai New Energy Group Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 559) since 1 December 2015. He had been an independent non-executive director of Aurum Pacific (China) Group Limited (a company whose shares are listed on the GEM of the Stock Exchange with Stock Code: 8148) from 17 March 2010 to 16 March 2016 and an executive director of China Energy Development Holdings Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 228) from 5 October 2005 to 30 June 2016.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Xu Liang Wei ("**Mr. Xu**"), aged 64, appointed as independent non-executive Director with effect from 14 August 2017. He graduated from the Department of Chinese Language and Literature, Shanghai Television University (currently known as Shanghai Open University), and obtained a master's degree in Business Administration from Fudan University. He joined Shanghai Academy of Spaceflight Technology ("**SAST**") in 1991 and held various positions as a deputy director, director of general office and assistant to academy general. During the period from 1995 to 1998, he served as a vice president of Shanghai Aerospace Corporation. In 2000, He was promoted to a deputy academy general of SAST, and also served as the chairman and president of Shanghai Aerospace Industrial Co., Ltd., the chairman of Shanghai Instrument Company Limited and Shanghai Aerospace Energy Co., Ltd. From 2011 to 2015, he served as a consultant of SAST and a deputy director of the preparation group of China Academy of Launch Vehicle Technology Company Limited. Mr. Xu has ample experience in corporate administration and management. He is currently a non-executive director of China Aerospace International Holdings Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 0031).

Mr. Wang Zhe ("**Mr. Wang**"), aged 57 , appointed as independent non-executive Director with effect from 14 August 2017. He graduated from Southwestern University of Finance and Economic with a master's degree in Business Administration. He is an economist and currently the secretary general for Association of Shanghai Internet Financial Industry, the vice chairman for Shanghai Financial Association, an independent director of Shanghai Pudong Development Bank Co., Ltd. (a company whose shares are listed on the Shanghai Stock Exchange with Stock Code: 600000) and external supervisor of China Everbright Bank Company Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 6818). Since September 1985, Mr. Wang has served as the deputy section chief for the General Office of the People's Bank of China, manager and general manager for the Shenzhen Branch of China Gold Coin Incorporation, vice president for the Shenzhen Branch of China CITIC Bank, deputy general manager for China Gold Coin Incorporation, general manager, director-general and party secretary for Shanghai Gold Exchange and party secretary for China Foreign Exchange Trading System.

Mr. Hua Shan ("**Mr. Hua**"), aged 70, appointed as independent non-executive Director with effect from 14 August 2017. He graduated from the Department of Chinese Language and Literature, East China Normal University. Mr. Hua has over 30 years of experience in real estate industry and had held certain senior management positions such as vice president, general manager and deputy general manager on various private group of companies. Mr. Hua is currently an expert member of various organisations, namely China Real Estate Association of Senior Citizens Housing Committee, China Elderly Living Environment Pilot Construction Project Assessment Committee and Tongheng Expert Committee of Tsinghua University. He is also currently an executive director of China Social Welfare Association and Real Estate Entrepreneur Council of Fudan University, an associate dean of the Wisdom Elderly Research Institute of Beijing Normal University, a guest professor of Zhejiang University, the secretary-general of China Eldercare Industry Consortium and a consultant of Qin He Yuen Company Limited.

Mr. Chan Chi Keung, Billy ("**Mr. Chan**"), aged 44, appointed as independent non-executive Director with effect from 15 November 2017. He graduated from Hong Kong Baptist University with a major in Accounting. He is a fellow member of the Association of Chartered Certified Accountants. Mr. Chan has over 20 years' experience in auditing, accounting and financial management. He is the financial controller, company secretary, and one of the authorised representatives of Fortunet e-Commerce Group Limited (stock code 1039). He had worked in South China Media Group for 15 years from December 1999 to May 2015 and his last position was the deputy financial controller. He had worked in South China Assets Holdings Limited (formerly named as South China Land Limited and Capital Publications Limited, stock code 8155) from January 2004 to June 2008 as the qualified accountant and company secretary.

Saved as disclosed herein, there is no other relationship between each of the Directors and senior management as required to be disclosed under the Listing Rules.

COMPANY SECRETARY

Mr. Yuen Chin Yau ("**Mr. Yuen**"), aged 52, appointed as company secretary with effect from 13 July 2018. He graduated from Fudan University, China, with a doctoral degree in economics, and obtained a degree of MBA from Brunel University, the U.K.. Mr. Yuen is an associate of the Institute of Chartered Accountants in England and Wales, a fellow of the Chartered Institute of Management Accountants ("**CIMA**"), a fellow of the Hong Kong Institute of Certified Public Accountants, a fellow of the Institute of Chartered Secretaries and Administrators, and a fellow of the Hong Kong Institute of Chartered Secretaries ("**HKICS**"). Mr. Yuen was the chairman of North Asia Regional Board of CIMA in 2013 and a mentor of HKICS in 2016. Before joining the Company, Mr. Yuen held senior financial positions in different companies in Hong Kong and Mainland China. He was previously the joint company secretary, authorised representative and qualified accountant of Shanghai Jin Jiang International Hotels (Group) Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2006), and the chief financial officer of Shanghai Golden Bund Real Estate Co., Limited, a subsidiary of Bund Center Investment Ltd (SGX: MQ4). He has over 26 years of experience in accounting, financial management, asset management and regulatory compliance. Mr. Yuen is responsible for managing the Company's finance and regulatory compliance.

Corporate Governance Report

The Board is pleased to present hereby a Corporate Governance Report of the Company for the year ended 31 March 2018.

The Directors and the management of the Group recognise the importance of sound corporate governance to the long-term and continuing success of the Group. The Board is committed to maintaining good corporate standards and procedures for the best interest of the Shareholders. The Board will continue to review its corporate governance practices from time to time to ensure the Group complies with the statutory requirements and the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules and aligns with the latest developments.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the year ended 31 March 2018, the Company had complied with the applicable code provisions (the "**Code Provisions**") of the CG Code except for the deviation from the code provision A.2.1 and A.6.7 as explained below:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Dai acts as the Chairman and the Company does not have any offices with title of "Chief Executive Officer". Mr. Dai together with other executive Director are responsible for the overall business strategy and development and management of the Group. 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 provision A.6.7 of the CG Code stipulates that independent non-executive Directors and other non-executive Directors shall attend general meetings and develop a balanced understanding of the views of Shareholders of the Company. Due to personal commitments, Mr. Wang Zhe, the independent non-executive Director, was unable to attend the annual general meeting of the Company held on 29 September 2017. Mr. Hua Shan, Mr. Wang Zhe and Mr. Xu Liang Wei, the independent non-executive Directors, were unable to attend the extraordinary general meeting of the Company held 12 September 2017 due to personal commitments.

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The key responsibilities of the Board include the formulation of the Group's overall business strategies, setting of management targets, monitoring internal control and risk management systems, and supervision of the performance of the senior management who are delegated with the authority and responsibility for day-to-day management and operation of the Company. Under the terms of reference, the duties of the Board in respect of corporate governance are as follows:

1) to develop and review the policies and practices on corporate governance of the Group and make recommendations;

2) to review and monitor the training and continuous professional development of the Directors and the senior management;

3) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;

4) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Directors and the employees of the Group; and

5) to review the Company's compliance with the CG Code as set out in Appendix 14 to the Listing Rules and disclosure in the corporate governance report of the Company.

The roles and responsibilities of the Board and management are summerised in the following table. The operational modes of the three Board committees, namely, Audit Committee, Remuneration Committee and Nomination Committee are under their respective headings in this Corporate Governance Report.

Board and its committees	**Summary of roles & responsibilities of the Board and respective committes and operation management**
The Board	• Formulating of the Group's business strategies • Overseeing internal controls and risk management on onging basis • Reviewing and monitoring the Group's policies and practices on compliance and regulatory requirements.
Internal Audit	Internal audit was outsourced to a professional firm in 2018 Year, in which the Group would expect a higher professional independence throughout the internal audit process.
Senior management	• Performing duties according to the business strategies formulated by the Board • Monitoring and devising business process in compliance with legal environment and internal control policies of the Company.
Operational management	• Implementing business duty to meet on day-to-day operational requirements with due care, and ensure proper internal controls are being executed in all functional areas

During the year, the Board reviewed the policies and practices on corporate governance, the training and continuous professional development of the Directors and senior management and the Company's compliance with the CG Code and disclosure in this annual report.

Composition of the Board

As at the date of this annual report, the Board comprises nine Directors, including four executive Directors, one non-executive Director and four independent non-executive Directors (the "**INEDs**"). The names of the Directors are set out below:

Executive Directors

Mr. Dai Dong Xing *(Chairman)*
Mr. Mock Wai Yin
Dr. 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

The composition of the Board is well balanced with each Director having sound board level experience and expertise relevant to the business operations and development of the Group.

Pursuant to Article 108 of the memorandum and articles of association of the Company (the "**Articles**"), one-third of the Directors shall retire from office by rotation at each annual general meeting and every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

In accordance with Rule 3.13 of the Listing Rules, the Company has received annual confirmation of independence from all of the INEDs. Based on the confirmations received, the Company is of the view that all INEDs are independent under the Listing Rules.

The Board members have no financial, business, family or other material or relevant relationship with members of the Board and senior management.

The Directors' biographical details are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 22 to 24 in this annual report.

An updated list of Directors, identifying their roles and functions at the Company is maintained on the websites of the Company and the Stock Exchange.

Board Meetings

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group. The Directors are given adequate notice to attend such regular Board meetings or other Board meetings.

Directors may participate either in person or through electronic means of communications. Draft and final versions of minutes are circulated to all Directors for comments and records respectively, within reasonable time after Board meetings are held. Final versions of minutes are kept by the company secretary of the Company (the "**Company Secretary**") and are open for inspection at any reasonable time on reasonable notice by any Director.

The Company held 29 board meetings during the year ended 31 March 2018.

The attendance of the respective Directors at the general meetings and Board Meetings which were held during the year ended 31 March 2018 are set out below:

	Number of meetings attended/held		
	General Meeting	**Annual General Meeting**	**Board Meeting**
Executive Directors			
Mr. Dai Dong Xing *(Chairman)* (appointed on 14 August 2017)	1/1	1/1	15/15
Mr. Mock Wai Yin	1/1	1/1	29/29
Dr. Wong Yun Kuen	0/1	0/1	28/29
Mr. Zhang Sheng Hai (appointed on 14 August 2017)	0/1	1/1	15/15
Non-executive Director			
Mr. Chui Kwong Kau	1/1	1/1	26/29
Independent Non-executive Directors			
Mr. Chan Chi Keung, Billy (appointed on 15 November 2017)	0/0	0/0	8/8
Mr. Hua Shan (appointed on 14 August 2017)	0/1	1/1	15/15
Mr. Wang Zhe (appointed on 14 August 2017)	0/1	0/1	15/15
Mr. Xu Liang Wei (appointed on 14 August 2017)	1/1	1/1	15/15
Mr. Chai Chi Man (resigned on 27 September 2017)	0/0	0/0	13/13
Mr. Eric Todd (resigned on 14 August 2017)	0/0	0/0	13/14
Mr. Lam Chi Wai (resigned on 14 August 2017)	0/0	0/0	13/14
Ms. Lau Mei Ying (resigned on 17 July 2017)	0/0	0/0	10/11
Ms. Thadani Jyoti Ramesh (resigned on 19 April 2017)	0/0	0/0	3/3

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Director's securities transactions pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry by the Company, all director has confirmed that their compliance with the Model Code and the code of conduct throughout the year ended 31 March 2018.

DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT PROGRAMME

Every newly appointed Director is provided with comprehensive induction to ensure that he/she has a proper understanding of the operations and business of the Group as well as his or her responsibilities and obligations under Listing Rules and relevant regulatory requirements.

The Group acknowledges the importance of adequate and ample continuing professional development for the Directors to a sound and effective internal control system and good corporate governance practice. In this regard, the Group has always encouraged the Directors to attend relevant training courses to receive the latest news and knowledge regarding corporate governance.

The Company updates Directors on the latest developments and changes to the Listing Rules and the applicable legal and regulatory requirements concerning good corporate governance practices. Reading materials on regulatory updates were also provided to the Directors for updating their knowledge on the relevant issues. The Company will, if necessary, provide timely and regular trainings to the Directors to ensure that they keep abreast of the current requirements under the Listing Rules. The Group has also adopted a policy to reimburse the Directors for any relevant training costs and expenses incurred concerning corporate governance and internal control.

All directors of the Company confirmed that they have complied with the code provision A.6.5 of the Corporate Governance Code on directors' training. During 2018 Year, all directors have participated in continuous professional development by attending seminars/in-house briefing and reading materials on the followings topics to develop and refresh their knowledge and skills, and provided their records of training to the Company as follows:

Director	Backgrounds of the Group	Business Ethics for Listed Companies	Director Training Programme	Investor relations, inside information disclosures and others
Executive Directors				
Mr. Dai Dong Xing	✓	✓	✓	N/A
Mr. Mok Wai Yin	✓	✓	✓	N/A
Dr. Wong Yun Kuen	N/A	N/A	✓	✓
Mr. Zhang Sheng Hai	✓	✓	✓	N/A
Non-executive Director				
Mr. Chui Kwong Kau	N/A	N/A	N/A	✓
Independent Non-executive Director				
Mr. Chan Chi Keung, Billy	✓	✓	✓	N/A
Mr. Xu Liang Wei	✓	✓	✓	N/A
Mr. Wang Zhe	✓	✓	✓	N/A
Mr. Hua Shan	✓	✓	✓	N/A

The Board has established three board committees, being the Audit Committee, the Remuneration Committee and the Nomination Committee (collectively the "**Board Committees**") in compliance with the relevant Listing Rules and to assist the Board to discharge its duties. The functions and responsibilities of the Board Committees have been set out in the relevant terms of reference which are of no less stringent than those stated in the CG Code. The relevant terms of reference of each of the Board Committees can be found on the Company's website (http://www.boillhealthcare.com.hk).

All Board Committees have been provided with sufficient resources and support from the Group to discharge their duties and, upon request, are able to seek independent professional advice, at the Company's expense.

AUDIT COMMITTEE

Ms. Lau Mei Ying has tendered her resignation as a member of the Audit Committee and Mr. Eric Todd has been appointed as a member of the Audit Committee with effect from 17 July 2017. On 14 August 2017, Mr. Eric Todd tendered his resignation as a member of Audit Committee with immediate effect.

Each of Mr. Lam Chi Wai and Mr. Chai Chi Man has tendered their resignation as the chairman of the Audit Committee and a member of Audit Committee with effect from 14 August 2017 and 27 September 2017 respectively.

With effect from 14 August 2017, Mr. Hua Shan has been appointed as the chairman of the Audit Committee. Mr. Wang Zhe and Mr. Xu Liang Wei have been appointed with effect from 14 August 2017 as members of the Audit committee. Mr. Chan Chi Keung, Billy has been appointed with effect from 15 November 2017 as a member of the Audit Committee after the resignation of Mr. Eric Todd.

The audit committee of the Company (the "**Audit Committee**") was established with written terms of reference. Currently, the members of the Audit Committee comprised four independent non-executive Directors namely, Mr. Chan Chi Keung, Mr. Hua Shan, Mr. Wang Zhe and Mr. Xu Liang Wei. The Audit Committee is chaired by Mr. Hua Shan.

The principal duties of the Audit Committee include:

(a) to review the relationship with external auditor to (i) make recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and to consider any questions of its resignation or dismissal; and (ii) review and monitor of the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with the applicable standards;

(b) to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and to review significant financial reporting judgements contained in them including but not limited to (i) the going concern assumptions and any qualifications; and (ii) compliance with accounting standards, Listing Rules and legal requirements in relation to financial reporting;

(c) to (i) oversee the Company's financial reporting system, risk management and internal control systems, (ii) discuss the risk management and internal control systems with the management to ensure that the management has performed its duty to have effective systems; and (iii) consider major investigation findings on risk management and internal control matters;

(d) to consider any significant or unusual items, that are, or may need to be, reflected in the report and accounts, it should give due consideration to any matters that have been raised by the Company's staff being responsible for the accounting and financial reporting functions, compliance officer and auditor; and

(e) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters, and to ensure proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow up action.

During the year ended 31 March 2018, the Company has engaged an external consultant to assist the Audit Committee to assess the effectiveness of the internal control and risk management of the Group and the compliance procedures.

The Audit Committee has performed the above-mentioned principal duties and discussed the risk management and internal control systems as well as financial reporting matters. The Audit Committee also reviewed the annual results, annual report and interim report, and confirmed the compliance with the applicable standards, the Listing Rules and other applicable legal requirements and that adequate disclosures have been made. Besides, the Audit Committee assisted by reviewing the corporate governance policies and practice as delegated by the Board. There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the external auditors.

The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 March 2018.

The attendance of the members at the Audit Committee meetings which were held during the year ended 31 March 2018 is summarised below:

	Number of meetings attended/held
Mr. Hua Shan *(Chairman)* (appointed on 14 August 2017)	1/1
Mr. Chan Chi Keung, Billy (appointed on 15 November 2017)	1/1
Mr. Xu Liang Wei (appointed on 14 August 2017)	1/1
Mr. Wang Zhe (appointed on 14 August 2017)	1/1
Mr. Chai Chi Man (resigned on 27 September 2017)	1/1
Mr. Eric Todd (appointed on 17 July 2017 and resigned on 14 August 2017)	0/0
Mr. Lam Chi Wai *(Ex-Chairman)* (resigned on 14 August 2017)	1/1
Ms. Lau Mei Ying (resigned on 17 July 2017)	1/1
Ms. Thadani Jyoti Ramesh (resigned on 19 April 2017)	0/0

Remuneration Committee

As at the date of this report, the remuneration committee comprised four independent non-executive Directors, namely Mr. Xu Liang Wei (Chairman) (appointed on 14 August 2017), Mr. Chan Chi Keung, Billy (appointed on 15 November 2017), Mr. Wang Zhe (appointed on 14 August 2017) and Mr. Hua Shan (appointed on 14 August 2017).

During the year, members of the remuneration committee who tendered their resignation included Mr. Lam Chi Wai (Ex-Chairman) (resigned on 14 August 2017), Mr. Chai Chi Man (resigned on 27 September 2017), Mr. Eric Todd (appointed on 17 July 2017 and resigned on 14 August 2017), Ms. Lau Mei Ying (resigned on 17 July 2017) and Ms. Thadani Jyoti Ramesh (resigned on 19 April 2017), all of whom are the INEDs of the Company.

With reference to the terms of reference, the primarily responsibilities of the Remuneration Committee include:

1) consulting the Chairman of the Board and/or the chief executive officer (if any) on their remuneration proposals for other executive Directors;

2) making recommendations to the Board on the Company's policy and structure for remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;

3) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives;

4) making recommendations to the Board on the remuneration packages of executive Directors and senior management;

5) making recommendations to the Board on the remuneration of non-executive Directors;

6) reviewing and approving the compensation payable to the executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

7) reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

8) ensuring that no Director or any of his or her associates is involved in deciding his or her own remuneration.

The attendance of the members at the Remuneration Committee meetings which were held during the year ended 31 March 2018 is summarised below:

	Number of meetings attended/held
Mr. Xu Liang Wei *(Chairman)* (appointed on 14 August 2017)	1/1
Mr. Chan Chi Keung, Billy (appointed on 15 November 2017)	0/0
Mr. Hua Shan (appointed on 14 August 2017)	1/1
Mr. Wang Zhe (appointed on 14 August 2017)	0/1
Mr. Chai Chi Man (resigned on 27 September 2017)	1/1
Mr. Eric Todd (appointed on 17 July 2017 and resigned on 14 August 2017)	0/0
Mr. Lam Chi Wai *(Ex-Chairman)* (resigned on 14 August 2017)	2/2
Ms. Lau Mei Ying (resigned on 17 July 2017)	2/2
Ms. Thadani Jyoti Ramesh (resigned on 19 April 2017)	0/0

The remuneration payable to the Directors and senior management is determined by reference to their experience and duties with the Company and the estimated time spent by them on the Company's matters. The Board is of the view that the Remuneration Committee has properly discharged its duties and responsibilities during the year ended 31 March 2018 and up to the date of this report. Details of Directors' remuneration are set out in note 12 to the consolidated financial statements.

Pursuant to the code provision B.1.5 of the CG Code, the annual remuneration (including bonus) of the senior management of the Group by band for the year ended 31 March 2018 is set out below:

	Number of Senior Management
Up to HK$1,000,000	6

Nomination Committee

As at the date of this report, the nomination committee comprises Mr. Dai Dong Xing (Chairman) (appointed on 14 August 2017) and three independent non-executive Directors, namely Mr. Wang Zhe (appointed on 14 August 2017), Mr. Chan Chi Keung (appointed on 15 November 2017) and Mr. Hua Shan (appointed on 14 August 2017).

During the year, members of the nomination committee who tendered their resignation included Mr. Lam Chi Wai (Ex-Chairman) (resigned on 14 August 2017), Mr. Chai Chi Man (resigned on 27 September 2017), Mr. Eric Todd (appointed on 17 July 2017 and resigned on 14 August 2017), Ms. Lau Mei Ying (resigned on 17 July 2017) and Ms. Thadani Jyoti Ramesh (resigned on 19 April 2017), all of whom are the INEDs of the Company.

With reference to the terms of reference, the primarily responsibilities of the Nomination Committee include:

1) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and making recommendations on proposed changes, if any, to the Board to complement the Company's corporate strategy;

2) reviewing the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy;

3) assessing the independence of the INEDs; and

4) making recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for the Directors, in particular the Chairman of the Board and the chief executive officer (if any).

The Board is of the view that the Nomination Committee has properly discharged its duties and responsibilities during the year ended 31 March 2018 and up to the date of this report.

	Number of meetings attended/held
Mr. Dai Dong Xing *(Chairman)* (appointed on 14 August 2017)	1/1
Mr. Chan Chi Keung, Billy (appointed on 15 November 2017)	1/1
Mr. Hua Shan (appointed on 14 August 2017)	1/1
Mr. Wang Zhe (appointed on 14 August 2017)	0/1
Mr. Chai Chi Man (resigned on 27 September 2017)	1/1
Mr. Eric Todd (appointed on 17 July 2017 and resigned on 14 August 2017)	0/0
Mr. Lam Chi Wai *(Ex-Chairman)* (resigned on 14 August 2017)	2/2
Ms. Lau Mei Ying (resigned on 17 July 2017)	2/2
Ms. Thadani Jyoti Ramesh (resigned on 19 April 2017)	0/0

AUDITOR'S REMUNERATION

For the year ended 31 March 2018, fees paid to the external auditors of the Company for audit services and for non-audit services were approximately HK$1,540,000 and HK$500,000, respectively. The fees paid for non-audit services included approximately HK$500,000 for review of interim results.

COMPANY SECRETARY

Mr. Lei Kin Keong resigned and Mr. Yuen Chin Yau was appointed as the Company Secretary of the Company with effect from 13 July 2018.

The Company Secretary is responsible for facilitating the Board's process, as well as communications among Board members. According to Rule 3.29 of the Listing Rule, the Company Secretary is required to take 15 hours of relevant professional training during 2018 Year. Mr. Yuen has confirmed that he has taken no less than 15 hours of relevant professional training during 2018 Year.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives and establishing and maintaining appropriate and effective risk management and internal control systems. The risk management and internal control systems are developed to identify, evaluate and manage significant risks and to resolve material internal control defects, if any. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Various procedures are established for identifying, evaluating, and managing the significant risks associated with operational objectives. The Board performs regular reviews and analysis on financial and operational data, conducts departmental meetings and on-site inspections to identify and monitor the potential risks associated with the business operation and financial management of the Group.

The Audit Committee assists the Board by reviewing internal control affairs identified by external auditor, an independent professional advisor, senior management and the Board and evaluating the adequacy and effectiveness of the Group's risk management and internal control systems for the year ended 31 March 2018. The Audit Committee in turn reports material issues, if any, to the Board.

The Company does not have an internal audit function and is of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. The Board has engaged an independent professional advisor, APEC Risk Management Limited, to perform annual review of the risk management and internal control systems for its business operation and processes of the Group by conducting interviews, walkthroughs and tests of operating effectiveness for the year ended 31 March 2018. The review was done on a systematic basis based on a list in relation to the assessment of the operation and controls, and covers (a) review of cash and treasury cycle; (b) revenue and receipts cycles; (c) procurement, accounts payables and payment cycles and (d) capital expenditure management cycle in the PRC. The review plan has been approved by the Board and the Audit Committee. No significant deficiency was identified during the review conducted for 2018 year. The findings and areas for improvement reported by such advisor have been discussed by the Audit Committee and the Board and will be properly followed up by the Group to ensure that they are implemented within a reasonable period of time. Based on the findings and recommendation of APEC Risk Management Limited, as well as the comments of the findings and recommendations of the Audit Committee, the Board considered the internal control and risk management systems are effective and adequate.

The Directors and senior management of the Company were provided with latest guidelines and induction on disclosure of inside information to ensure that all relevant facts and circumstances that may have material effect on the share price of the Company are assessed in a timely manner and that any material information which comes to the knowledge of any one or more officers of the Group is promptly identified, assessed and, if appropriate, brought to the attention of the Board to determine whether a disclosure is required.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy in relation to the nomination and appointment of Directors. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. In recommending candidates for appointment to the Board, the Nomination Committee will consider a number of factors relating to the candidates, including but not limited to their gender, age, cultural and educational background, ethnicity, professional experience and knowledge. The Nomination Committee will review the composition of the Board under diversity perspectives and will monitor the implementation of the board diversity policy to ensure its effectiveness.

DIRECTORS' INSURANCE

The Company has arranged appropriate insurance cover in respect of the legal action against the Directors.

DIRECTOR AND AUDITOR'S RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors acknowledge and understand their responsibilities in preparing the financial statements and ensuring that the financial statements of the Group are prepared to reflect the true and fair view of the state of affairs, results and cash flows of the Group and are in compliance with the relevant accounting standards and principles, applicable laws and disclosure provisions as required under the Listing Rules. The Directors are of the view that the financial statements of the Group for each financial year have been prepared on these bases.

To the best knowledge of the Directors, there is no uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Statement of the responsibilities of the Company's external auditor for preparing the consolidated financial statements is set out in the Independent Auditor's Report of this annual report.

GENERAL MEETINGS WITH SHAREHOLDERS

The annual general meeting (the "**AGM**") is a forum in which the Board and the Shareholders can communicate directly and exchange views concerning the affairs and overall performance of the Group, and its future developments, etc. At the AGM, the Directors (including the INEDs) are available to attend to questions raised by the Shareholders. The external auditor of the Company is also invited to be present at the AGM to address the queries of the Shareholders concerning the audit procedures and the auditor's report.

SHAREHOLDERS' RIGHTS

Convening of Extraordinary General Meeting on Requisition by Shareholders

Pursuant to Article 64 of the Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid-up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Shareholders' Nomination of Directors

Pursuant to Article 113 of the Articles, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his or her willingness to be elected have been lodged with the head office or at the registration office of the Company. The period for lodgment of the notices required under the Article will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

Procedures for directing Shareholders' enquiries to the Board

Shareholders may direct their enquiries concerning their shareholdings to the Company's share registrars. Shareholders may also make a request for the Company's information to the extent that such information has been made publicly available by the Company. All written enquiries or requests may be forwarded to the Company's head office or by fax to (852) 2796 2525, or by email to lucy.zhu@boill.com.

The addresses of the Company's head office and the Company's share registrars can be found in the section "Corporate Information" of this annual report.

INVESTOR RELATIONS

To ensure transparent and comprehensive disclosures to investors, the Group delivers information of the Group to the public through various channels, including general meetings, public announcements, interim reports and annual reports. The investors are also able to assess the latest news and information of the Group via our website (https://www.boillhealthcare.com.hk).

In order to maintain good and effective communication, the Company together with the Board extend their invitation to all Shareholders and encourage them to attend the forthcoming AGM and all future general meetings.

The Shareholders may also forward their enquiries and suggestions in writing to the Company to the followings:

Address: Unit 2603, 26/F., Shun Tak Centre West Tower, 168–200 Connaught Road Central, Sheung Wan, Hong Kong

Email: lucy.zhu@boill.com

During the year ended 31 March 2018, the Company did not make changes to its Articles. A copy of the latest version of the Articles is posted on the websites of the Company and the Stock Exchange.

Environmental, Social and Governance Report

PREPARATION BASIS AND SCOPE

As a company based and served in Hong Kong and PRC, Boill Healthcare Holdings Limited (formerly known as "**Ngai Shun Holdings Limited**") (thereafter "**Group**" or "**We**") is fully committed to environment protection, social responsibility and adherence to the strictest corporate governance. Pursuant to the requirement of the *Environmental, Social and Governance Reporting Guide* in Appendix 27 to the Listing Rules, the Group has prepared the 2018 Environmental, Social and Governance Report (thereafter "**ESG Report**"), covering business segments that the Group was principally engaged, including: (i) Foundation business; (ii) Property development business (iii) Healthcare holiday resort development and operation business; (iv) Investment securities and (v) Provision of catering services.

The scope of this ESG Report will cover the Group's initiatives on introducing the concept of ESG to its internal and external stakeholders, putting them into practice in its daily operations and disclosing results as a year-end summary. It is also the intention of the management to provide an overview of the Group's direction in managing ESG related issues, driving for ESG initiatives throughout the Group, and communicating its ESG performance result with our stakeholders.

ESG REPORTING BOUNDARY AND PERIOD

The ESG reporting boundary of this ESG Report shall cover the operation activities. The Group was principally engaged in, including foundation business in Hong Kong as well as (i) property development business and (ii) healthcare holiday resort development and operation business in PRC.

The reporting period of this ESG Report shall cover the date from **1 April 2017 to 31 March 2018** ("**ESG Reporting Year**").

STAKEHOLDERS' FEEDBACK

The Group welcomes stakeholders' feedback on its ESG approach and performance. For any suggestion or opinion, please kindly send it to the Group through its communication channels.

ENVIRONMENT

The Group aims to generate revenue for investors but not at the expenses of the environment. Our senior management is dedicated to cultivating a green, healthy and safe culture through the concerted efforts of all staff, and promoting environmental, healthy and safety culture in the workplace in order to:

- ensure compliance with all applicable legislation;
- reduce quantities of waste and pollutants emitted into the sea, land and atmosphere;
- promote awareness on environmental protection and safety among staff through training, workshops and programs;
- provide a green, healthy and safe workspace for staff, visitors and contractors;
- optimise energy use efficiency; and
- improve performance and environmental protection and safety.

Due to the nature and the regional coverage of the Group's business, it is important to manage environmental impacts attributable to its local operational activities to minimise these impacts if possible. Identified environmental issues the Group has involved in during the ESG Reporting Year were mainly related to its consumption on diesel, gasoline, electricity, water, paper and natural gas.

The Group's business involves property development and construction piling, and thus causes certain impacts on the environment. The Group manages air, water, or land impact carefully, and during the ESG Reporting Year, the Group is unaware of any non-compliance with relevant Hong Kong and PRC environmental laws and regulations, including but not limited to the Environmental Protection Law of the PRC（《中華人民共和國環境保護法》）, the Prevention and Control of Atmospheric Pollution of the PRC（《中華人民共和國大氣污染防治法》）, the Water Pollution Prevention and Control Law of the PRC（《中華人民共和國水污染防治法》）, the Prevention and Control of Solid Waste Pollution of the PRC（《中華人民共和國固體廢物污染環境防治法》）, the Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong) and the Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong).

The measures we have taken to ensure our compliance with the applicable environmental laws and regulations in the PRC include (i) strictly supervising the process of construction through the supervision unit and (ii) applying for review by the relevant government authorities in a timely manner after the project is completed.

In addition, the Group's internal environmental protection awareness programme consistently reminds and encourages its employees and clients to improve on environmental performance together.

Air Emission

The Group took the initiative to examine the issue of air emission across its operation, and as discussed, the Group outsourced the construction operation to the relevant partnering company, and our Group worked diligently to ensure the operation is in compliance with relevant air emission laws and regulations, which include the Prevention and Control of Atmospheric Pollution of the PRC《中國大氣污染防治品》.

The Group will continue monitoring its operation to ensure its air emission will be in compliance with all relevant laws and regulations. Further information shall also be disclosed as changes occur.

Carbon Emission

In addition to the efforts made in monitoring air pollutant emission, the Group performed careful assessment on its overall carbon footprint and by exploring measures reduced its carbon emission. The Group estimated its carbon footprint for the ESG Reporting Year through calculation with relevant methodology, and with data available on diesel, electricity, natural gas and petroleum consumption and emission factor from invoices and references to third parties documents (information related to electricity consumption and carbon intensity factor that are available on the electricity bill and the sustainability report from electricity provider respectively).

In summary, the carbon footprint of the Group in the ESG Reporting Year was 12,740tCO2e. The Group looks to perform analysis on the consolidated figures, and to work with employees and external stakeholders on minimising carbon footprint. Further information and progress will be disclosed in the subsequent ESG report of the Company.

Waste Management

The Group strives to reduce waste generated in its operation activities. Waste management guidelines and procedures are in place in all areas of its production where hazardous and non-hazardous waste are generated. To ensure all wastes are properly treated, the Group specified procedures with different categories of waste and treated waste of different categories separately according to business activities.

Non-hazardous generated from the operation were mainly generated from construction and daily activities, and in the ESG Reporting Year, the Group had collected an estimate of 450 m^3 container wastes from its activities mentioned. The Group had not generated a significant amount of wastes in the hazardous category (ie: chemical substances). In the ESG Reporting Year, the Group had generated 4.0 m^3 of hazardous waste, which included waste oil and chemical reagent from its construction operation.

In summary, the Group will continue to devote effort to waste management, ensuring the safety of its employees and the compliance of all applicable laws and regulations. During the ESG Reporting Year, there was no major accident encountered in the Group's operation, and the Group had complied with all applicable waste related Hong Kong and PRC laws and regulations. The Group will continue monitoring closely and working diligently to ensure the proper treatment of its generated hazardous waste in the future.

Use of Resources

As an environmental friendly company, the Group actively promotes the culture of "Green Office" to its staff, maintaining an environmental friendly and efficient consumption practice throughout the operation. Various measures have been adopted to reduce energy and other resource use, minimise waste and increase recycling, and promote environmental protection in its supply chain and workplace. Initiatives such as energy conservation and efficiency policy, and green practices in offices were successfully implemented throughout the ESG Reporting Year. Details can be found as below.

The Environment and Natural Resources

The Group understands the consumption of a fair amount of natural resources may lead to significant impacts on the environment, and our Group has implemented a diligent resource management programme, and the primary focus in the operations are the followings:

Paper Consumption

To strengthen the Group's management on energy and resources consumption, the Group intended to create a paperless working environment, reduce paper usage, facilitate information sharing via online networks, and simplify documentation procedures. In addition, employees were recommended to use duplex printing and copying, which had become the norm within the Group and paper consumption is reduced.

Electricity

In line with its "Green Office" directive, the Group actively promoted the concept of smart usage of electricity in its premises. Notices on energy saving were issued to raise the awareness of the staff on energy conservation. Other initiatives implemented on energy saving were the followings:

- Adjusting air conditioners' temperature setting to 25.5℃;
- Switching off all electronic devices during lunch hours and when leaving office;
- Replacing fluorescent tubes with LED lighting systems; and
- Setting computers on energy saving modes, and others.

Water

The Group did not have any significant issue on sourcing water for the operation.

In addition to its effort on energy conservation, the Group was also working with its employees on water conservation measures. Notices were posted to remind the staff to:

- Control water flow at the tap to avoid over usage;
- Turn off the tap when applying soap;
- Avoid unnecessary flush;
- Perform regular maintenance on water taps; and
- Avoid wasting water in upflow water dispenser.

The Group shall continue monitoring resource consumption throughout the operation. Further enhancement initiatives on efficient use of energy and water shall be implemented.

In summary, and after a careful and diligent effort, a consolidated data table on *Resource Consumption* for this ESG Reporting Year can be found below:

Consumption Item	Unit	Amount
Electricity Consumption	kWh	1,355,200
Electricity Consumption Intensity	kWh/$revenue generated	0.0018
Water Consumption	m^3	57,980
Water Consumption Intensity	m^3/$revenue generated	0.0001
Diesel – Machine Use	L	236,580
Diesel – Vehicle Use	L	2,400
Natural Gas	m^3	1,760
Petroleum	L	20,850

Table 1 – Group resource consumption table (as of 31 March 2018)

SOCIAL

The Group believes that employees are the most valuable asset to its business and, it strives to provide within its ability, the best working environment and benefits to retain talents. Throughout the ESG Reporting Year, the Group complies with all applicable employment and labour related laws and regulations. The Group will continue monitoring and improving in areas as needed and growing sustainably and in a socially responsible manner. For those business units in Mainland China, minor below age 16 is prohibited from employment under the PRC Labour Law《中華人民共和國勞動法》, articles 15. The Group adheres to the laws of the PRC for its operations in Mainland China.

Employees

Employees are the Group's most precious asset. The Group understands a motivated and balanced workforce is crucial to the success and sustainable growth of business, and it is dedicated to providing a safe, equal-working and fair environment throughout its operation. The Group's remuneration policy stated clearly that employees will be compensated in a fair and equitable manner, and provided with the opportunity to grow and excel with the Group through continuous learning at all levels. The Group's senior management continues to communicate with employees, ensuring this culture can be implemented in all levels of the Group.

Employment

In order to attract and retain talents, the Group rewards its employees with competitive remuneration (including performance bonus), along with promotional opportunities, compensation and benefits packages. Employee remuneration packages are maintained at competitive levels and employees are rewarded through the Group's salary and bonus system. Remuneration is determined with reference to the prevailing market condition as well as the competency, qualifications and experience of individual employees. Performance bonus will be paid to the employees as a recognition of their contributions to the Group. For Hong Kong business units, employees are also entitled to Mandatory Provident Fund ("**MPF**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance, medical and life insurance program. Statutory holidays and different types of paid leave including annual leave, sick leave, maternity leave, paternity leave, compensation leave, compassionate leave and injury leave are also offered as part of the benefits for all levels of the Group. In addition, policies on remuneration, benefits, training and occupational health and safety are regularly reviewed, and disciplinary action would be taken if an employee has committed an act of serious misconduct.

Emolument Policy

The emolument policy regarding the employees of the Group is emolument should be based on their merit, qualifications and competence. The emoluments of the executive Directors are reviewed and determined by the Remuneration Committee, having regard to the Group's operating results, individual performance and prevailing market condition. The emoluments of the non-executive Directors and INEDs are reviewed by the Remuneration Committee and determined by the Board. No Director or any of his or her associates was involved in deciding his or her own remuneration.

Remuneration Committee

To ensure the Group's remuneration scheme stays competitive, the Company had established the Remuneration Committee, with its role and function set out in specific written terms of reference in accordance with the provisions set out in the Corporate Governance Report.

The Remuneration Committee will meet regularly to review the policy for the remuneration of the Company, assess the performance, and recommend remuneration packages of executive directors and senior management of the Company.

Retirement Benefit Scheme

The Group participates in MPF scheme and such contributions are made based on a percentage of the employees' basic salaries and are charged to the profit or loss as they become payable in accordance with the rules of the MPF Scheme.

The employees of the Group's subsidiaries, which operate in PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of their payroll costs, depending on the location of the subsidiaries, to the central pension scheme. The contributions are charged to the profit or loss as they become payable in accordance with the rules of the central pension scheme.

During the ESG Reporting Year, total contributions paid or payable to the MPF Scheme and Central Pension Scheme by the Group amounted to approximately HK$3.10 million (approximately HK$4.24 million in the previous year), which had been recognised as expenses and included in staff costs from continuing operation.

Occupational Health and Safety

Operational health and safety is treated as one of the top priorities in the Group, and the Group strives to maintain a high occupational safety and health standard, ensuring a safe and comfortable working environment for our employees. To support and maintain the culture of work-life balance, the Group actively provides a variety of staff activities for employees. All of these activities help to strengthen relationships among employees, and foster a healthy and harmonious working environment.

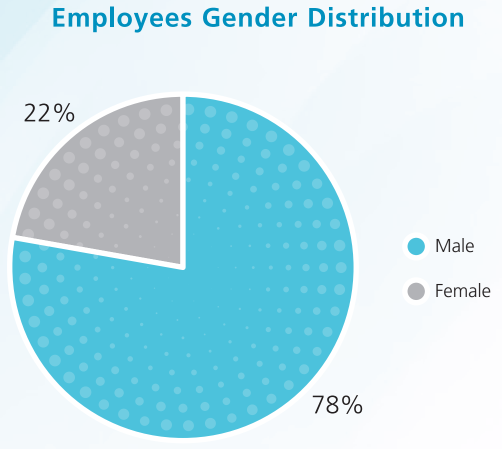
Employees were provided with a clear *Occupational Safety Guideline* for daily operation practices, recommending the appropriate conduct or the use of safety equipment during operation. Notices were posted in the common area as reminders for our employees to raise awareness of and minimise occupational related injury. In addition, every case of injury (if any) is required to be reported to the Group and to be individually assessed under the internal guideline procedures.

In summary, during the ESG Reporting Year, the Group had no material non-compliance breach with relevant standards, rules and regulations, and had no major accident encountered during operation. The Group is pleased to report that the rate of accidents and injuries during the ESG Reporting Year was extremely low, and it has only recorded a total of 3 minor work-related injury cases in the ESG Reporting Year.

Equal Opportunities, Diversity and Anti-Discrimination

Equal opportunities are given to employees in respect of recruitment, promotion, training and development, job advancement, compensation and benefits and all other aspects of employment practices. The principal operation of the Group is turning to Mainland China. By Virtue of the PRC Labour Law《中華人民共和國勞動法》, article 12, discriminations on ethnic, race, sex and religions are prohibited. The diversity of employees provides the Group with a valuable mix of perspectives, skills, experience and knowledge for addressing contemporary business issues. The employees are not discriminated against or deprived of such opportunities on the grounds of gender, ethnic background, religion, colour, sexual orientation, age, marital status, family status, retirement, disability, pregnancy or any other grounds of discrimination prohibited by applicable laws. The Group appreciates the importance of cultural diversity, and it has no tolerance of any form of sexual harassment and discrimination behaviour. Employees found to have such act are subject to internal disciplinary actions.

In summary, the Group's workforce diversity distribution can be found below:



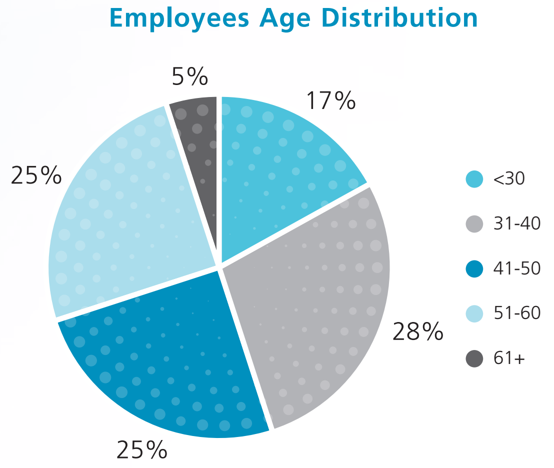


Chart 1 & 2 – Employees Gender Distribution, Employees Age Distribution (as of 31 March 2018)

		Employment Type		Gender	
	Total	**Full Time**	**Part Time**	**Male**	**Female**
Ngai Shun Construction & Drilling Company Limited ("**Foundation Piling Business**")	124	124	0	122	2
Yue Yang Nanhu Meishu Property Limited and Yue Yang Shi Feng Property Management Services Limited ("**Property Development Business**")	88	88	0	49	39
Shanghai Jinshenlong Land Company Limited ("**Healthcare Holiday Resort Development and Operation Business**")	28	28	0	16	12
TOTAL*	240	240	0	187	53

* There were about 36 employees in administrative office not meaningful to be included in the analysis.

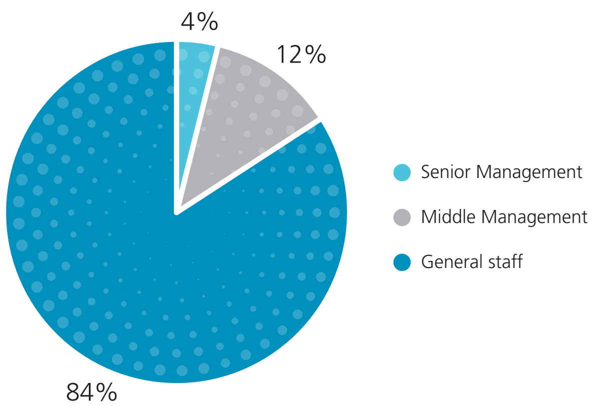
Table 2 – Employees Diversity (as of 31 March 2018)

During the ESG Reporting Year, the Group complied with all employee related Hong Kong and PRC laws and regulations.

Development and Training

Given the wide range of business activities, the Group placed great emphasis on "Employee Training and development", and such topic is included as an important part of the Group's human capital management strategy. The Group supports its employees to develop and enhance their knowledge, tailor-making annual training programme to improve employees' work-related soft and hard skills, and to develop skills necessary for career advancement. The Group encourages employees at all levels to pursue training opportunities that facilitate personal growth and professional development, and the following summarize the Group's training records in the ESG Reporting Year:

Employees Training Record (Staff Position)



Employees Training Record (Gender Distribution)

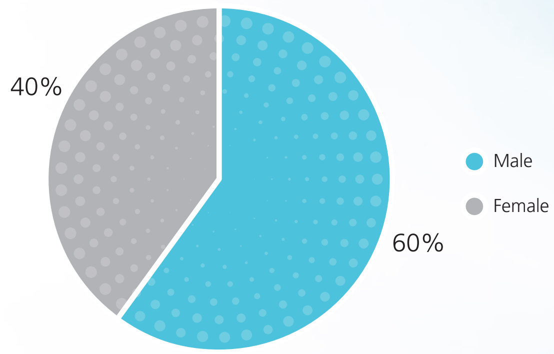


Chart 3 & 4 – Employees Training Records on Staff position and Gender Distribution (as of 31 March 2018)

	Total Participating Numbers	Total Training Hours
Male	62	1,180
Female	41	780

Table 3 – Employees Total Training (as of 31 March 2018)

	Total Participating Numbers	Total Training Hours
Senior Management	4	40
Middle Management	12	220
General Staff	87	1,740

Table 4 – Employees Training Hours on Employee Position (as of 31 March 2018)

Customer Service

The Group values its customers.

Feedbacks and comments are regularly reviewed and disputes and complaints are promptly and fairly investigated and resolved. As a result, the Group has earned trusted relationships with its broad customer base through providing excellent customer services.

The Group has also set up designated channels (including hotline, facsimile and email) for clients to lodge complaints. The Group also believes effective communication should include a timely and accurate information disclosure. Not only did it bring valuable information to Shareholders and investors, which was beneficial for investor relations, but also invited constructive feedback for perfecting the Group's operation. The Group will continue its open communication approach, and to sustain a successful long-term working relationship with its stakeholders in the future.

Supply Chain Management

The Group encompasses working relationship with suppliers to meet the customers' needs in an effective and efficient manner, as it works closely with the suppliers to maintain the good relationship with suppliers.

The Group values mutually beneficial and longstanding relationships with its suppliers. The Group works closely with a number of suppliers in order to provide high quality services. The selection of suppliers is based on criteria such as price, quality of products, customer service team responsiveness, capability and experience, with preference given to potential suppliers that demonstrate their commitment to the environment.

Protection of Intellectual Property

The Group builds up and protects its intellectual property rights by prolonged use and registration of domain names and various trademarks. The Group has registered trademarks in various classes in Hong Kong and the PRC. In addition, the Group's trademarks and domain names are constantly monitored and renewed upon their expiration.

During the reporting year, the Group did not involve in any action of non-compliance with legal regulations and laws, relating to protection of intellectual property.

Anti-Corruption

The Group values employees' business conduct, integrity, ethics and discipline. Relevant employees have been given training and briefings on anti-money laundering and are encouraged to raise concerns about possible improprieties in any matter related to the Group such as misconduct and malpractice. Disciplinary actions would be taken by the Group if any employee is found guilty of corruptive acts. Such policy can be found in the *Employee Handbook*. For business units in Mainland China, corruption is subject to penalty and/or imprisonment according to the PRC Anti-Corruption and Bribery Law《中華人民共和國反貪污賄賂法》.

During the ESG Reporting Year, the Group did not involve in any action of non-compliance with legal regulations and laws relating to corruption, bribery, extortion, fraud and money laundering.

COMMUNITY INVOLVEMENT

The Group understands the importance of its business is both generating and bringing profit to Shareholders, and being socially responsible to care, serve and give back to our community wherever it is needed at the same time. The senior management consistently seeks opportunities to support social initiatives, and details of the Group's activities can be found below:

Community Investment

For the past few years, the Group provided funds to various local organisations, sponsoring various charity events and showing its support to the community. The Group's donations reached and supported different organisations in different aspects. During the ESG Reporting Year, the Group contributed a total of approximately HK$189,000 to supporting charity organisations for social benefits events. The Group will continue its effort in supporting the communities and contributing when opportunities arise. In order to promote the social wellbeing of, the Group donated a total of RMB30,000 in 2018 Year to the needy.

Directors' Report

The Board is pleased to present the annual report together with the audited financial statements for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the foundation business, property development business, healthcare holiday resort development and operation, investment securities and provision of catering services (disposed of during the year).

The results of the Group for the year ended 31 March 2018 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 61 to 62.

The Board did not recommend payment of final dividend to the Shareholders for the year ended 31 March 2018.

CHANGE OF COMPANY NAME

Subsequent to the passing of special resolution in relation to the Proposed Change of Company Name by the Shareholders at the EGM held on 12 September 2017, the Registrar of Companies in the Cayman Islands has approved the registration of the new name of the Company on 12 September 2017 and issued the Certificate of Incorporation on Change of Name and the Dual Foreign Name on 12 September 2017. Hence, the English name of the Company has been changed from "Ngai Shun Holdings Limited" to "Boill Healthcare Holdings Limited" and the Chinese name "保集健康控股有限公司" has been adopted as the dual foreign name of the Company to replace its existing name in Chinese "毅信控股有限公司" with effect from 12 September 2017. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 26 September 2017 confirming the registration of the new English name "Boill Healthcare Holdings Limited" (also known as "保集健康控股有限公司") in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 140.

BUSINESS REVIEW

The discussion and analysis of principal activities of the Group as required by Schedule 5 of Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including financial key performance indicators, a fair review of the Company's business, a description of principal risks and uncertainties facing the Company and future development in the Company's business, can be found in section headed "Management Discussion and Analysis" of this annual report.

KEY RELATIONSHIPS

The Group understands having good relationships with stakeholders is one of the key factors to be success of the business. The Group will continue to ensure the effective communication with employees, customers and suppliers.

Employees

The Group recognises the accomplishment of the employees by providing comprehensive benefit package, including medical insurance and retirement benefit scheme. The Group also provides in-house training programmes to its employees to enhance their skills and job knowledge.

Suppliers

The Group values working relationship with suppliers to meet customers' needs in an effective and efficient manner. The Company works closely with the suppliers to maintain good relationship with suppliers.

Customers

The Group values all customers by providing professional and quality services to the customers. The Group is also committed to building long-term and developing relationship with customers.

ENVIRONMENTAL POLICY

The Group is committed to building an eco-friendly corporation. Details of the Group's environmental policy and performance are disclosed in the Environmental, Social and Governance Report are set out on pages 38 to 47.

The Group will review its environmental practices from time to time and will consider implementing further measures and practices in the operation of the Group's business.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group is highly committed to complying with laws and regulations that govern our businesses for the year ended 31 March 2018, and, to the best of the Directors' knowledge, has complied with among others with the Listing Rules, the SFO, laws of the Cayman Islands, the Companies Ordinance (Chapter 622 of laws of Hong Kong), Factories and Industrial Undertakings Ordinance (Chapter 59 of laws of Hong Kong), Occupational Safety and Health Ordinance (Chapter 509 of laws of Hong Kong), Occupier Liability Ordinance (Chapter 314 of laws of Hong Kong), Air Pollution Control Ordinance (Chapter 311 of laws of Hong Kong), Noise Control Ordinance (Chapter 400 of laws of Hong Kong), Water Pollution Control Ordinance (Chapter 358 of laws of Hong Kong), Waste Disposal Ordinance (Chapter 354 of laws of Hong Kong), Dumping at Sea Ordinance (Chapter 466 of laws of Hong Kong), Environmental Impact Assessment Ordinance (Chapter 499 of laws of Hong Kong), Buildings Ordinance (Chapter 123 of laws of Hong Kong), laws and regulations in the PRC regarding property development, and other relevant laws and regulations.

PROPERTY, PLANT AND EQUIPMENT

Details of movements of the property, plant and equipment of the Group during the year ended 31 March 2018 are set out in note 17 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2018 are set out in note 1 to the consolidated financial statements.

SHARE CAPITAL

The Company's total issued share capital as at 31 March 2018 was 9,074,000,000 ordinary shares of HK$0.025 each.

Details of movements of the share capital of the Company during the year ended 31 March 2018 are set out in note 35 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Details of the distributable reserves of the Company and the Group are set out in note 50 to the consolidated financial statements and in the consolidated statement of changes in equity on page 65 respectively.

CHARITABLE CONTRIBUTIONS

During the year, to Group made charitable contributions totaling approximately HK$189,000.

SHARE OPTION SCHEME

Particulars of the share option scheme (the "**Scheme**") which was adopted on 22 September 2013 are set out in note 36 to the consolidated financial statements.

No share options were granted since the adoption of the Scheme and there were no share option outstanding as at 31 March 2018 and as at the date of this report. The total number of shares of the Company for issue under the Scheme as at the date of this report was 907,400,000 shares, representing 10% of the then issued share capital of the Company.

DIRECTORS

The Directors during the year ended 31 March 2018 and up to the date of this annual report were:

Executive Directors

Mr. Dai Dong Xing *(Chairman)* (appointed on 14 August 2017)
Mr. Mock Wai Yin
Dr. Wong Yun Kuen
Mr. Zhang Sheng Hai (appointed on 14 August 2017)

Non-executive Director

Mr. Chui Kwong Kau

Independent non-executive Directors

Mr. Chan Chi Keung, Billy (appointed on 15 November 2017)
Mr. Hua Shan (appointed on 14 August 2017)
Mr. Wang Zhe (appointed on 14 August 2017)
Mr. Xu Liang Wei (appointed on 14 August 2017)
Mr. Chai Chi Man (resigned on 27 September 2017)
Mr. Eric Todd (resigned on 14 August 2017)
Mr. Lam Chi Wai (resigned on 14 August 2017)
Ms. Lau Mei Ying (resigned on 17 July 2017)
Ms. Thadani Jyoti Ramesh (resigned on 19 April 2017)

In accordance with article 108 of the Articles, at each annual general meeting one-third of the Directors for the time being, shall retire from office by rotation and provided that every Director shall be subject to retirement by rotation at least once every three (3) years. Mr. Zhang Sheng Hai, Mr. Hua Shan and Mr. Chan Chi Keung will retire from office as the Directors at the coming annual general meeting ("**AGM**"). Each of them, being eligible, offer themselves for re-election as Directors at the coming AGM.

In accordance with Article 112 of the Articles, any director appointed by the Board either to fill a casual vacancy shall hold office only until the first general meeting of the Company after his or her appointment and be subject to re–election at such meeting.

Mr. Chan Chi Keung will retire from office as the Director at the coming AGM and being eligible, offer himself for re-election pursuant to article 112 of the Articles.

An annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules has been received from each of the INEDs.

DIRECTORS' SERVICE CONTRACT

No Director proposed for re-election at the forthcoming AGM has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Each of the executive Directors shall also be entitled to discretional bonus to be determined by the Board based on, among other things, the performance of the individual Director and the overall financial position of the Group and is subject to the recommendation of the remuneration committee of the Company.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF THE ASSOCIATED CORPORATIONS

As at 31 March 2018, none of the Directors or chief executive of the Company had any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which (i) 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 and short positions which he was deemed or taken to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code adopted by the Company, to be notified to the Company and the Stock Exchange.

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

As at 31 March 2018, 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 disclosable to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Capacity/Nature of interest	Long/ short position	No. of shares held	Approximate percentage of shareholding in the Company (Note 3)
Liyao Investment Limited (Note 1)	Beneficial owner (Note 2)	Long position	2,600,000,000	28.65%
Mr. 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. The subscription was completed on 19 April 2017.

2. Liyao Investment Limited is a company incorporated in the British Virgin Islands and is 100% owned by Mr. Qiu Dongfang.

3. As at 31 March 2018, the total number of issued shares of the Company was 9,074,000,000 ordinary shares of HK$0.025 each of the Company.

Save as disclosed above, as at 31 March 2018, 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.

MAJOR CUSTOMERS

During the year ended 31 March 2018, the Group's five largest customers accounted for approximately 29.8% (2017: 53.3%) of the total revenue of the Group and the largest customer of the Group accounted for approximately 20.5% (2017: 22.1%) of the total revenue.

None of the Directors or any of their close associates, or any Shareholder (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers during the year.

MAJOR SUPPLIERS

During the year ended 31 March 2018, the Group's five largest suppliers accounted for 18.0% (2017: 18.0%) of the total purchases of the Group and the largest supplier of the Group accounted for 10.1% (2017: 5.3%) of the total purchases.

None of the Directors or any of their close associates, or any Shareholder (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest suppliers during the year.

DIRECTORS' INTEREST IN CONTRACTS

Save as the related party transactions disclosed in note 43 to the consolidated financial statements, no contract of significance to which the Company or any of its subsidiaries, holding company or fellow subsidiaries was a party and in which a Director or any entity connected with a Director had a material interest directly or indirectly subsisted at the end of the reporting period or at any time during the year ended 31 March 2018.

MANAGEMENT CONTRACTS

No management contracts concerning the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2018.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 March 2018 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective associates or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Connected Party transactions

On 7 February 2018, Yueyang Nanhu Meishu Properties Limited ("**Yueyang Nanhu Meishu**"), a wholly-owned subsidiary of the Company, entered into a loan agreement with Shanghai Jinshenlong Land Company Limited ("**Shanghai Jinshenlong**"), a non-wholly-owned subsidiary of the Company, pursuant to which Yueyang Nanhu Meishu provided a loan of RMB30,000,000 at an interest rate of 10% per annum to Shanghai Jinshenlong to meet its working capital requirements ("**Loan**").

Liyao Investment Limited is entirely owned by Mr. Qiu, and Liyao Investment Limited is interested in 2,600,000,000 shares, representing approximately 28.65% of the entire issued share capital of the Company. Thus, Mr. Qiu is connected person of the Company under the Listing Rules. As Mr. Qiu and his spouse indirectly own 32% of the equity interest in the immediately holding company of Shanghai Jineshenlong and the Company indirectly owns 68% of equity interest in this immediate holding company of Shanghai Jinshenlong, Shanghai Jinshenglong is regarded as an associate of Mr. Qiu. According, the provision of the Loan to Shanghai Jinshenlong by Yueyang Nanhu Meishu constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of applicable percentage ratios as set out in Rule 14.07 of the Listing Rules in relation to the provision of the Loan are more than 0.1% but all of the same do not exceed 5% and therefore, in accordance with Rule 14A.76(2) of the Listing Rules, the Loan is only subject to reporting and announcement requirements but exempt from the circular and independent shareholder's approval requirements under Chapter 14A of the Listing Rules. The above transaction is also deemed as related parties under applicable accounting standards.

Details of which are set out in the Company's announcement dated 7 February 2018.

The material related party transactions entered into by the Group during the year ended 31 March 2018 set out in notes 9, 12, 31 and 43 to the consolidated financial statements in this annual report.

Save as disclosed above, the Group did not enter into any connected transactions or continuing connected transactions that are not exempt under Chapter 14A of the Listing Rules during the year ended 31 March 2018.

PERMITTED INDEMNITY PROVISION

Pursuant to Article 191 of the Articles, the Director, company secretary and other officers for the time being of the Company for the time being acting in relation to any of the affairs of the Company, shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they may incur or sustain by reasons of any act or execution of their duties to the Company.

Such provision was in force during the course of the financial year ended 31 March 2018 and remained in force as of the date of this annual report. The Company has taken out and maintained Directors' and officers' liabilities insurance throughout the year, which provides appropriate cover for the Directors.

EMOLUMENT POLICY

The emolument policy regarding the employees of the Group is emolument policy is based on their merit, qualifications and competence. The emoluments of the executive Directors are reviewed and determined by the Remuneration Committee, having regard to the Group's operating results, individual performance and prevailing market condition. The emoluments of the non-executive Directors and INEDs are reviewed by the Remuneration Committee and determined by the Board. No Director or any of his or her associates was involved in deciding his or her own remuneration.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Having made specific enquiry of all Directors, all Directors have confirmed that neither themselves nor their respective associates (as defined in the Listing Rules) had held any position or had interest in any businesses or companies that were or might be materially competing with the business of the Group or gave rise to any concern regarding conflict of interests during the year ended 31 March 2018.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2018.

SUFFICIENCY OF PUBLIC FLOAT

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

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 47 to consolidated financial statements.

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with the independent auditor the audited consolidated financial statements for the year ended 31 March 2018 and has also discussed auditing, risk management and internal control, and financial reporting matters including the review of the accounting practices and principles adopted by the Group.

INDEPENDENT AUDITOR

The consolidated financial statements as contained in this Annual Report have been audited by Zenith CPA Limited who will retire at the AGM and, being eligible, offer themselves for reappointment at the AGM.

On behalf of the Board
Boill Healthcare Holdings Limited

Dai Dong Xing
Chairman

Hong Kong, 27 June 2018

Independent Auditor's Report

ZENITH 诚丰
ASSURANCE I TRANSACTIONS I ADVISORY

TO THE SHAREHOLDERS OF BOILL HEALTHCARE HOLDINGS LIMITED
(FORMERLY KNOWN AS NGAI SHUN HOLDINGS LIMITED)
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Boill Healthcare Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 61 to 138, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

TO THE SHAREHOLDERS OF BOILL HEALTHCARE HOLDINGS LIMITED
(FORMERLY KNOWN AS NGAI SHUN HOLDINGS LIMITED)
(Incorporated in the Cayman Islands with limited liability)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
1. Estimation of net realisable value of properties under development and completed properties held for sale The Group's properties under development and completed properties held for sale carry a risk of unsold properties due to any increase/decrease in development costs, customer demand and market selling prices changes. In addition, determining for such possible diminution in value involves significant judgement and estimates. These judgement and estimates include evaluation of the slow-moving properties under development and completed properties held for sale due to various reasons such as future selling price and unexpected costs to complete of the properties. Therefore, the provision for the impairment of properties under development and completed properties held for sale are the key audit matter for our audit. The significant accounting judgements and estimates and disclosures for completed properties held for sales and properties under development are set out in notes 4, 23 and 24 to the consolidated financial statements, respectively.	Our audit procedures in relation to the impairment assessment of properties under development and completed properties held for sale, among others, included: • we obtained an understanding of the impairment assessment of properties under development and completed properties held for sales; • we tested the net realisable value of completed properties held for sales, on a sample basis, against the latest selling prices of the Group's properties and those of comparable properties; • we evaluated the reasonableness of the estimated future cost to completion of the properties under development for sales, on a sample basis, by comparing it to the signed construction contracts; • we obtained the impairment assessment performed by management, with reference to valuation worked performed by independent professional valuer, based on market approach; and evaluated the overall valuation approach and the key parameters and assumptions adopted by the valuer; • we challenged the management on its methodology with reference to the historical accuracy of the allowance for completed properties held for sales and properties under development for sales against actual losses.

TO THE SHAREHOLDERS OF BOILL HEALTHCARE HOLDINGS LIMITED
(FORMERLY KNOWN AS NGAI SHUN HOLDINGS LIMITED)
(Incorporated in the Cayman Islands with limited liability)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
2. Valuation of the investment properties under construction Investment properties under construction of the Group are stated at fair value at the end of reporting period, which comprise various categories of properties including holiday resort, residential apartment, villa and carpark. The valuation models used to determine the fair values of investment properties in different categories and different nature may vary. The valuation models of different investment properties include residual method and direct comparison method. The investment properties under construction of the Group are valued individually at the end of each reporting period by independent professional valuer to determine the fair values for all of the properties held in these categories. The inputs with the most significant impact on these valuations, which include capitalisation rate, expected developer's profit and estimated project development costs are disclosed in note 18 to the consolidated financial statements.	Our audit procedures in relation to the valuation of investment properties under construction included: • we obtained an understanding of the work of independent professional valuer engaged by the Group, considered the objectivity, independence and expertise of the valuer; • we evaluated the valuation techniques used and tested the underlying key estimations and assumption for selected samples through enquiry with management, by reference to the historical information and open market information, sample tested on capital expenditure details, development cost schedules and construction costs to completion; and • we assessed the adequacy of disclosures in relation to the valuation of investment properties under construction, including fair value hierarchy and the valuation techniques used and the key input to the valuation of investment properties under construction.

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

TO THE SHAREHOLDERS OF BOILL HEALTHCARE HOLDINGS LIMITED
(FORMERLY KNOWN AS NGAI SHUN HOLDINGS LIMITED)
(Incorporated in the Cayman Islands with limited liability)

Responsibilities of the directors and audit committee for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

TO THE SHAREHOLDERS OF BOILL HEALTHCARE HOLDINGS LIMITED
(FORMERLY KNOWN AS NGAI SHUN HOLDINGS LIMITED)
(Incorporated in the Cayman Islands with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Hung Pui Yu.

Zenith CPA Limited
Certified Public Accountants
Hung Pui Yu
Practising Certificate Number: P06702
Hong Kong
27 June 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 March 2018

	Notes	**2018 HK$'000**	2017 HK$'000
CONTINUING OPERATIONS			
REVENUE	6	**738,147**	487,119
Cost of sales		**(846,758)**	(676,104)
Gross loss		**(108,611)**	(188,985)
Other income and gains/(losses), net	7	**45,275**	7,409
Selling and distribution expenses		**(22,063)**	(7,141)
Administrative and other expenses		**(106,348)**	(81,616)
Gains/(losses) on equity investments, net	8	**65,593**	(193,633)
Share of profit and loss from an associate		**(11,242)**	–
Finance costs	9	**(93,868)**	(127,891)
LOSS BEFORE TAX	10	**(231,264)**	(591,857)
Income tax credit	14	**35,647**	18,559
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(195,617)**	(573,298)
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation	11	**389**	1,054
LOSS FOR THE YEAR		**(195,228)**	(572,244)
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		**(684)**	(2,290)
Release of available-for-sale investments revaluation reserve upon disposal of available-for-sale investments		**(1,481)**	(555)
Exchange differences arising on translation of foreign operations		**–**	(19,635)
		(2,165)	(22,480)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Exchange differences arising on translation to presentation currency		**165,244**	–
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**163,079**	(22,480)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(32,149)**	(594,724)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company			
– from continuing operations		**(187,725)**	(570,475)
– from discontinued operation		**389**	1,054
Non-controlling interests		**(7,892)**	(2,823)
		(195,228)	(572,244)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:			
Owners of the Company			
– from continuing operations		**(74,207)**	(591,901)
– from discontinued operation		**389**	–
Non-controlling interests		**41,669**	(2,823)
		(32,149)	(594,724)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	16		
Basic			
– For loss for the year		**HK2.09 cents**	HK11.77 cents
– For loss from continuing operations		**HK2.12 cents**	HK11.79 cents

Consolidated Statement of Financial Position

31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	17	**389,808**	57,742
Investment properties under construction	18	**1,559,467**	–
Goodwill	19	**–**	17,336
Interest in an associate	20	**43,094**	–
Available-for-sale investments	21	**192**	875
Prepayment and deposits	26	**120,788**	2,474
Total non-current assets		**2,113,349**	78,427
CURRENT ASSETS			
Inventories	22	**–**	370
Completed properties held for sale	23	**438,928**	72,781
Properties under development	24	**45,158**	917,927
Trade and retention receivables	25	**42,409**	68,316
Prepayments, deposits and other receivables	26	**36,175**	43,434
Equity investments at fair value through profit or loss	27	**14,947**	121,916
Tax recoverable		**36,659**	16,568
Restricted cash	28	**101,111**	64,969
Cash and cash equivalents	28	**210,385**	410,740
Total current assets		**925,772**	1,717,021
CURRENT LIABILITIES			
Trade payables	29	**21,893**	35,137
Other payables and accruals	30	**184,266**	253,306
Due to related companies	31	**68,216**	50,687
Interest-bearing bank and other borrowings	32	**874,520**	802,310
Tax payables		**848**	770
Total current liabilities		**1,149,743**	1,142,210
NET CURRENT (LIABILITIES)/ASSETS		**(223,971)**	574,811
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,889,378**	653,238

Consolidated Statement of Financial Position

31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	32	**280,800**	–
Provision for long service payments	33	**841**	3,262
Deferred tax liabilities	34	**48,943**	96,680
Total non-current liabilities		**330,584**	99,942
Net assets		**1,558,794**	553,296
EQUITY			
Equity attributable to owners of the Company			
Share capital	35	**226,850**	161,850
Reserves		**721,968**	340,786
		948,818	502,636
Non-controlling interests		**609,976**	50,660
Total equity		**1,558,794**	553,296

Dai Dong Xing
DIRECTOR

Mock Wai Yin
DIRECTOR

Consolidated Statement of Changes in Equity

Year ended 31 March 2018

		Attributable to ordinary equity holders of the Company									
	Notes	Share capital HK$'000	Share premium HK$'000	Merger reserve# HK$'000	Available-for-sale investments revaluation reserve HK$'000	Exchange reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2016		24,900	153,962	10,000	5,010	(1,437)	–	(3,396)	189,039	–	189,039
Loss for the year		–	–	–	–	–	–	(569,421)	(569,421)	(2,823)	(572,244)
Other comprehensive loss for the year		–	–	–	(2,845)	(19,635)	–	–	(22,480)	–	(22,480)
Total comprehensive loss for the year		–	–	–	(2,845)	(19,635)	–	(569,421)	(591,901)	(2,823)	(594,724)
Issue of rights shares	35	136,950	766,920	–	–	–	–	–	903,870	–	903,870
Share issue expenses	35	–	(24,889)	–	–	–	–	–	(24,889)	–	(24,889)
Partial disposal of interests in subsidiaries	40(b)	–	–	–	–	–	26,517	–	26,517	53,483	80,000
		136,950	742,031	–	–	–	26,517	–	905,498	53,483	958,981
At 31 March 2017		161,850	895,993	10,000	2,165	(21,072)	26,517	(572,817)	502,636	50,660	553,296
Loss for the year		**–**	**–**	**–**	**–**	**–**	**–**	**(187,336)**	**(187,336)**	**(7,892)**	**(195,228)**
Other comprehensive income/(loss) for the year:		**–**	**–**	**–**	**(2,165)**	**115,683**	**–**	**–**	**113,518**	**49,561**	**163,079**
Total comprehensive (loss)/income for the year		**–**	**–**	**–**	**(2,165)**	**115,683**	**–**	**(187,336)**	**(73,818)**	**41,669**	**(32,149)**
Issue of new share	35	**65,000**	**455,000**	**–**	**–**	**–**	**–**	**–**	**520,000**	**–**	**520,000**
Acquisition of assets and liabilities	39	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**517,647**	**517,647**
		65,000	**455,000**	**–**	**–**	**–**	**–**	**–**	**520,000**	**517,647**	**1,037,647**
At 31 March 2018		**226,850**	**1,350,993***	**10,000***	**–***	**94,611***	**26,517***	**(760,153)***	**948,818**	**609,976**	**1,558,794**

* The reserve accounts comprise the consolidated reserves of HK$721,968,000 (2017:HK$340,786,000) in the consolidated statement of financial position.

The merger reserve represented the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from the reorganisation in September 2013.

Consolidated Statement of Cash Flows

Year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax from continuing operation		**(231,264)**	(591,857)
Profit before tax from discontinued operation		**389**	1,562
		(230,875)	(590,295)
Adjustments for:			
Dividend income from equity investments at fair value through profit or loss	7	**(425)**	(340)
Share of profit or loss from an associate		**11,242**	–
Gain on disposal of property, plant and equipment	7	**(10,223)**	(4,933)
Interest income	7	**(14,769)**	(240)
Depreciation		**27,298**	33,166
Gain on disposal of available-for-sale investments	8	**(1,481)**	(539)
Fair value gains on investment properties under construction		**(17,407)**	–
Loss on disposal of subsidiaries		**2,286**	–
Write-down of completed properties held for sale to net realisable value		**20,531**	11,137
Write-down of properties under development to net realisable value		**2,026**	93,720
Impairment loss recognised on other receivables	7	**2,374**	–
Write-back of provision for long service payments	7	**(1,326)**	–
Finance costs	9	**93,868**	127,891
Operating cash flows before movements in working capital		**(116,881)**	(330,433)
Decrease in inventories		**93**	99
Decrease in completed properties held for sale		**598,393**	304,070
Increase in properties under development		**(115,484)**	(219,368)
Decrease in trade and retention receivables		**25,907**	5,444
(Increase)/decrease in prepayment, deposits and other receivables		**(479)**	88,211
Decrease in equity investment at fair value through profit or loss		**106,969**	115,248
Increase in restricted cash		**(36,142)**	(46,428)
Decrease in trade and other payables		**(137,624)**	(70,600)
Utilisation of long service payments		**(1,095)**	(1,586)
Cash generated from/(used in) operations		**323,657**	(155,343)
Hong Kong profit tax refund		**–**	14,216
People's Republic of China ("**PRC**") income tax paid		**(18,405)**	(9,698)
PRC land appreciation tax ("**PRC LAT**") paid		**(7,992)**	(5,706)
Net cash flows from/(used in) operating activities		**297,260**	(156,531)

	Notes	2018 HK$'000	2017 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received from listed investments	7	**425**	340
Purchases of items of property, plant and equipment		**(1,947)**	(12,999)
Proceeds from disposal of items of property, plant and equipment and available-for-sale investments		**16,488**	9,552
Acquisition of assets and liabilities	39	**(859,471)**	–
Acquisition of an associate		**(52,682)**	–
Addition to investment properties under construction	18	**(95,249)**	–
Prepaid construction costs for investment properties under construction		**(68,730)**	–
Refund from a related company		**327,522**	–
Disposal of subsidiaries	40	**24,261**	–
Interest received		**14,769**	240
Net cash flows used in investing activities		**(694,614)**	(2,867)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	35(d)	**520,000**	903,870
Share issue expenses		**–**	(24,889)
New bank loans		**374,400**	14,220
New other loans		**785,821**	25,000
Repayment of bank loans		**(809,976)**	(23,563)
Redemption of promissory notes		**–**	(245,000)
Repayment of other loans		**(240,000)**	(100,000)
Advances from related companies		**29,913**	–
Repayments to related companies		**(353,541)**	–
Interest paid		**(91,395)**	(108,717)
Net cash flows from financing activities		**215,222**	440,921
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(182,132)**	281,523
Cash and cash equivalents at beginning of the year		**410,740**	108,901
Effect of foreign exchange rate changes, net		**(18,223)**	20,316
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**210,385**	410,740

Notes to the Consolidated Financial Statements

1. CORPORATE AND GROUP INFORMATION

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

The principal activity of the Company is investment holding. During the year, the Group was involved in the following principal activities:

- Foundation business
- Property development business
- Healthcare holiday resort development and operation
- Investment securities
- Provision of catering services (disposed during the year)

In prior years, the directors regarded Hong Kong dollar ("**HK$**") as the functional currency of the Company. Upon the completion of the acquisition of Anway Real Estate Limited ("**Anway**") and its subsidiaries in April 2017, the directors consider that the primary economic environment has been substantially changed and it is more appropriate to use Renminbi ("**RMB**") as the functional currency of the Company. The change in functional currency of the Company was applied prospectively from the date of change in accordance with HKAS 21. For the purpose of the preparation of consolidated financial statements and convenience of the financial statements users, the consolidated financial statements are presented in HK$.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2017/18	2016/17	Principal activities
Ngai Shun Construction & Drilling Company Limited	Hong Kong	HK$10,000,000	51%	51%	Foundation piling in Hong Kong
Shanghai Jinshenlong Land Company Limited [1, 3, 4, 7]	People's Republic of China ("PRC")	RMB652,575,078	68%	–	Healthcare holiday resort development and operation business in PRC
Starry Focus Limited	Hong Kong	HK$1	100%	100%	Investment securities in Hong Kong
Turbo Leader (Hong Kong) Limited [5]	Hong Kong	HK$1	100%	N/A	Investment holding in Hong Kong
Yueyang Nanhu Meishu Properties Limited [1, 3, 7]	PRC	RMB306,000,000	100%	100%	Property development in PRC
Yueyang Shi Feng Lan Property Management Service Limited [1, 2, 7]	PRC	RMB500,000	100%	100%	Property management in PRC

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Name	Place of incorporation/ registration	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2017/18	2016/17	Principal activities
Pride Review Limited [6, 7]	British Virgin Islands ("**BVI**")	USD 1	–	100%	Investment holding in Hong Kong
Chief Hero Limited [6, 7]	Hong Kong	HK$100	–	100%	Provision of catering services in Hong Kong
Easy Time Limited [6, 7]	Hong Kong	HK$100	–	100%	Provision of catering services in Hong Kong
Ace Wealthy Limited [6,7]	Hong Kong	HK$100	–	100%	Provision of catering services in Hong Kong

1 The English names of these companies referred to in these consolidated financial statements represent management's best effort to translate the Chinese names of those companies, as no English names have been registered.

2 This entity is wholly-domestic-owned enterprise under the PRC law.

3 These entities are registered as wholly-foreign-owned enterprises under PRC law.

4 This entity, which is a subsidiary of Anway, is acquired during the year. Further details of this acquisition are included in note 39 to the consolidated financial statements.

5 This entity is incorporated during the year.

6 These entities are disposed during the year. Further details of the disposal are included in notes 11 and 40 to the consolidated financial statements.

7 The statutory financial statement of these subsidiaries are not audited by Zenith CPA Limited.

The above table lists the subsidiaries of the Company, which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. BASIS OF PRESENTATION

In preparing the consolidated financial statements, the directors of the Company have given due and careful considerations to the future liquidity of the Group in light of the Group's current liabilities exceeds current assets by approximately HK$223,971,000 as at 31 March 2018. The directors of the Company have carefully assessed the Group's liquidity position. In the opinion of the directors, the Group will have sufficient working capital to finance its operations 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 loan credit facilities from an independent third party and connected persons in aggregate of HK$1,125,000,000 for a period of at least twelve months from the end of the reporting period to finance the Group's working capital; and

(ii) sales proceeds received from the Group's property development segment.

Accordingly, the consolidated financial statements have been prepared on the going concern basis.

3.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties under construction, available-for-sale investments and equity investments at fair value through profit or loss which have been measured at fair values. These consolidated financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidation financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2018. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

3.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, and (ii) the cumulative transaction differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in the profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to the profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's consolidated financial statements.

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in *Annual improvement to HKFRSs 2014-2016 cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12*

None of the above amendments to HKFRSs has had a significant financial effect on these consolidated financial statements. Disclosure has been made in note 41 to the consolidated financial statements upon the adoption of amendments to HKAS 7, which require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

3.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these consolidated financial statements:

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[1]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[1]
Amendments to HKAS 19	Employee Benefits[2]
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*[2]
Amendments to HKAS 40	*Transfers of Investment Property*[1]
HKFRS 9	*Financial instruments*[1]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[2]
HKFRS 15	*Revenue from Contracts with Customers*[1]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*[1]
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[2]
HKFRS 16	*Leases*[2]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures*[4]
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28[1]
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[2]

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 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below. The actual impacts upon adoption could be different to those below, depending on additional reasonable and supportable information being made available to the Group at the time of applying the standards and the transitional provisions and policy options finally adopted.

3.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKFRS 9 Financial instruments

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group will adopt HKFRS 9 from 1 April 2018. The Group will not restate comparative information and will recognise any transition adjustments against the opening balance of equity at 1 April 2018. During the year, the Group has performed a detailed assessment of the impact of the adoption of HKFRS 9. The expected impacts relate to the classification and measurement and the impairment requirements and are summarised as follows:

(a) Classification and measurement

The Group does not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value. Equity investments currently held as available-for-sale investments will be measured at fair value through profit or loss as the investments are intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in the profit or loss.

(b) Impairment

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group will apply the simplified approach and record lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its trade receivables. Furthermore, the Group will apply the general approach and record twelve-month expected credit losses that are estimated based on the possible default events on its other receivables within the next twelve months. The Group has expected that the provision for impairment and related deferred tax assets will increase upon the initial adoption of the standard.

3.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKFRS 15 Revenue from contracts with customers

HKFRS 15, issued in July 2014, establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. Either a full retrospective application or a modified retrospective adoption is required on the initial application of the standard. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group will adopt HKFRS 15 from 1 April 2018 and plan to adopt the transitional provisions in HKFRS 15 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained profit at 1 April 2018. In addition, the Group plans to apply the new requirements only to contracts that are not completed before 1 April 2018. The Group expects that the transitional adjustment to be made on 1 April 2018 upon initial adoption of HKFRS 15 will not be material. During the year ended 31 March 2018, the Group has performed a preliminary detailed assessment on the impact of the adoption of HKFRS 15.

The Group's principal activities consist of foundation piling and property development. The expected impacts arising from the adoption of HKFRS 15 on the Group are summarised as follows:

(a) Foundation piling business

The Group's revenue from foundation piling was recognised according to the percentage of completion of each individual contract of construction works, which was estimated based on actual costs incurred over the total budgeted costs. The corresponding contract revenue was also estimated by management based on contract sum and work values from variation orders. The Group considers HKFRS 15's guidance on contract combinations, contract modifications arising from variation orders, variable consideration, and the assessment of whether there is significant financing component in the contracts, particularly taking into account the reason for the difference in timing between the transfer of control of goods and services to customers and timing of related payments. The Group has preliminarily assessed that performance obligation is satisfied over time, therefore revenue from these construction contracts should be recognised over time during the course of construction by the Group. Based on the assessment undertaken so far, no significant impact is expected by the Group on its results of operation and financial position.

3.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKFRS 15 Revenue from contracts with customers (continued)

(b) Property development business

The Group's property development activities are carried out in the PRC only. Taking into account the contract terms, the Group's business practice and the legal and regulatory environment of the PRC, the Group has assessed that its property sales contracts will not meet the criteria for recognising revenue over time and therefore revenue from property sales will continue to be recognised at a point in time. Currently the Group recognises revenue from property sales upon handover of the property to buyer, which is taken to be the point in time when the risks and rewards of ownership of the property have been transferred to the buyer. The Group has assessed that under the transfer-of-control approach in the new standard revenue from property sales will generally be recognised when the legal assignment is completed, which is the point in time when the buyer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. This may result in revenue being recognised later than at present.

(c) Presentation and disclosure

The presentation and disclosure requirements in HKFRS 15 are more detailed than those under the current HKAS 18. The presentation requirements represent a significant change from current practice and will significantly increase the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in HKFRS 15 are new and the Group has assessed that the impact of some of these disclosure requirements will be significant. In particular, the Group expects that the notes to the consolidated financial statements will be expanded because of the disclosure of significant judgements made on determining the transaction prices of those contracts that include variable consideration, how the transaction prices have been allocated to the performance obligations, and the assumptions made to estimate the stand-alone selling price of each performance obligation. In addition, as required by HKFRS 15, the Group will disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will also disclose information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment.

3.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKFRS 16 Leases

HKFRS 16, issued in May 2016, replaces HKAS 17 Leases, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group expects to adopt HKFRS 16 from 1 April 2019. The Group is currently assessing the impact of HKFRS 16 upon adoption and is considering whether it will choose to take advantage of the practical expedients available and which transition approach and reliefs will be adopted. As disclosed in note 42(a) to the consolidated financial statements, at 31 March 2018, the Group had future minimum lease payments under non-cancellable operating leases in aggregate of approximately HK$4,835,000. Upon adoption of HKFRS 16, certain amounts included therein may need to be recognised as new right-of-use assets and lease liabilities. Further analysis, however, will be needed to determine the amount of new rights of use assets and lease liabilities to be recognised, including, but not limited to, any amounts relating to leases of low-value assets and short term leases, other practical expedients and reliefs chosen, and new leases entered into before the date of adoption.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investment in an associate

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in an associate is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in an associate (continued)

The Group's share of the post-acquisition results and other comprehensive income of an associate is included in the profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in the profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Acquisition of subsidiaries not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Fair value measurement

The Group measures its investment properties under construction, available-for-sale investments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than properties under development, completed properties held for sale, financial assets and investment properties under construction), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person.

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

(b) (continued)

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment other than construction in progress to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of expected useful life and period of lease or 25%
Plant and machinery	25%
Furniture and fixtures	20% to 25%
Office equipment	20% to 50%
Motor vehicles	25% o 33%

Where parts of an item of property plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed fund during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties under construction

Investment properties under construction are initially measured at cost and subsequently at fair values using the fair value model. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties under construction are included in the profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

For a transfer from investment properties under construction to owner-occupied properties, the property's deemed cost for subsequent accounting is its fair value at the date of change in use.

Gains or losses arising from changes in the fair values of investment properties under construction are included in the profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment properties under construction are recognised in the profit or loss in the year of the retirement or disposal.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the profit or loss on the straight-line basis over the lease terms.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and buildings costs attributable to unsold properties. Net realisable value is estimated by the directors based on the prevailing market prices, on an individual property basis.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Financial assets at fair value through profit or loss (continued)

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value presented as gains/(losses) on equity investments in the profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains/(losses) in the profit or loss.

Available-for-sale investments

Available-for-sale investments are non-derivative financial assets in listed equity investments. Equity investments classified as available-for-sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investments revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in gains/(losses) on equity investments in the profit or loss, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investments revaluation reserve to the profit or loss in other income and gains/(losses). Interest and dividends earned whilst holding the available-for-sale investments are reported as interest income and dividend income, respectively and are recognised in the profit or loss as other income and gains/(losses) in accordance with the policies set out for "Revenue recognition" below.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

i. the rights to receive cash flows from the asset have expired; or

ii. the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other income and gains/(losses) in the profit or loss.

Available-for-sale investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale investments, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss – is removed from other comprehensive income and recognised in the profit or loss. Impairment losses on equity instruments classified as available-for-sale investments are not reversed through the profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, amounts due to related companies and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the profit or loss.

Income tax

Income tax comprises current and deferred tax.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

i. when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

ii. in respect of taxable temporary differences associated with investments in subsidiaries and associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

i. when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

ii. in respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) revenue from catering services is recognised when the services are rendered, and goods are sold to customers;

(b) Revenue arising from property management is recognised in the accounting period in which the services are rendered;

(c) revenue from the sale of properties is recognised when the significant risks and rewards of ownership have been transferred to the buyers, which is when the construction work has been completed and the properties have been delivered to the buyer. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under current liabilities;

(d) revenue from construction contract is recognised on the percentage of completion basis, as further explained in the accounting policy for "Construction contracts" below;

(e) realised fair value gains or losses on securities trading are recognised on a trade date basis whilst unrealised fair value gains or losses on securities with reference to the prices ruling at the end of the reporting period;

(f) interest income is recognised on an accrual basis using the effective interest method; and

(g) dividend income is recognised when the shareholders' right to receive payment has been established.

Construction contracts

Contract costs are recognised when incurred. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. When the outcome of a construction contract can be estimated reliably, and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that they have been agreed with the customer and are capable of being reliably measured.

Revenue from contract work is recognised based on the stage of completion of the contracts, provided that the stage of contract completion and the gross billing value of contracting work can be measured reliably. The stage of completion of a contract is established according to the progress certificate (by reference to the amount of completed works confirmed by surveyor) issued by the customers.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Construction contracts (continued)

Construction work-in-progress is valued at cost incurred plus an appropriate proportion of profits after deducting progress payments and allowances for foreseeable losses. Cost comprises construction material costs, labour and overheads expenses incurred in bringing the work-in-progress to its present condition.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within trade and retention receivables. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

Employee benefits

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in the profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to the profit or loss.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The major judgements estimate and assumptions that have the most significant effect on the amounts recognised in the consolidated financial statements and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

Recognition and allocation of construction cost on properties under development

Development costs of properties are recorded as properties under development during the construction stage and will be transferred to completed properties held for sale upon completion. Apportionment of these costs will be recognised in the profit or loss upon the recognition of the sale of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

When developing properties, the Group may divide the development projects into phases. Specific costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to phases are allocated to individual phases based on the estimated saleable area of the entire project.

Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

Estimation of net realisable value of properties under development and completed properties held for sale

Properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. The net realisable value is determined by the Group with reference to the prevailing market conditions and prices existing, on an individual property basis, at the end of each reporting period. As at 31 March 2018, the carrying amounts of properties under development and completed properties held for sale were approximately HK$45,158,000 (2017: HK$917,927,000) and HK$438,928,000 (2017: HK$72,781,000), respectively. During the year ended 31 March 2018, allowance of HK$2,026,000 (2017: HK$93,720,000) and HK$20,531,000 (2017: HK$11,137,000) were provided for properties under development and completed properties held for sale, respectively.

Fair value of investment properties under construction

Fair value of investment properties under construction of the Group are quoted by independent professional valuers. The valuation involves, inter-alia, certain estimates, including comparable market transactions, appropriate capitalisation rate, expected developer's profit and estimated development cost. In relying on the valuation, the management has exercised judgement and is satisfied that the method of valuation is reflective of the current market conditions. As at 31 March 2018, the fair value of investment properties under construction was HK$1,559,467,000 (2017: nil).

Impairment of receivables

Management determines the provision for impairment of trade, retention and other receivables based on an assessment of the recoverability of the receivables. This estimate is based on the credit history of its customers and other debtors and the current market condition. Management reassesses the provision at the end of each of the reporting period.

Useful lives and impairment of property, plant and equipment

Useful lives are estimated at the time of purchase of these assets after considering future technology changes, business developments and the Group's strategies. The Group performs annual reviews to assess the appropriateness of the estimated useful lives. Such review takes into account any unexpected adverse changes in circumstances or events, including decline in projected operating results, negative industry or economic trends and rapid advancement in technology. The Group extends or shortens the useful lives and/or makes impairment provisions according to the results of the review.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could affect the net present value used in the impairment test and as a result affect the Group's financial position and results of the operations.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Provision for litigation

When accounting for provisions for litigation and other items, the Group has taken internal and external advice in considering known legal claims and actions made by or against the Group. It carefully assesses the likelihood of success of a claim or action. Appropriate provisions are made for legal claims or actions against the Group on the basis of likely outcome, but no provisions are made for those which in the view of management are unlikely to succeed.

Deferred tax on investment properties

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Deferred tax on investment properties (continued)

Accordingly, the Group recognised deferred tax in respect of the changes in fair value of the investment properties based on the directors' best estimate assuming future tax consequences through usage of such properties for rental purpose, rather than through sale. The final tax outcome could be different from the deferred tax liabilities recognised in the consolidated financial statements should the investment properties are subsequently disposed by the Group, rather than consume substantially all the economic benefits embodied in the investment properties by leasing over time. In the event the investment properties are being disposed, the Group may be liable to higher tax upon disposal considering the impact of enterprise income tax and land appreciation tax.

As at 31 March 2018, the Group recognised deferred tax on revaluation of investment properties under construction amounted to HK$4,352,000 (2017: nil).

Corporate income tax ("CIT")

The Group is subject to CIT in the PRC. As a result of the fact that certain matters relating to the CIT have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision of CIT. Where the final tax outcomes of these matters are different from the amounts originally recorded, the differences will impact on the CIT and tax provision in the period in which the differences realise.

PRC land appreciation taxes

The Group is subject to land appreciation taxes in the PRC. However, the implementation and settlement of these taxes vary among various tax jurisdictions in cities of the PRC, and the Group has not finalised its PRC land appreciation taxes calculation and payments with most of the local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation and its related taxes. The Group recognised these PRC land appreciation taxes based on management's best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the taxation and tax provisions in the years in which such taxes have been finalised with local tax authorities.

5. OPERATING SEGMENT INFORMATION

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

(a) Foundation piling: Contracts for foundation piling business;
(b) Property development: Sale of properties and provision of property management services;
(c) Investment securities: Trading and investment in securities; and
(d) Healthcare holiday resort development and operation: Provision of elderly home care, healthcare and leisure services.

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

Segment assets exclude interest in an associate, 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 payables, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Year ended 31 March 2018

	Continuing operations					Discontinued operation
	Foundation piling HK$'000	Property development HK$'000	Securities investment HK$'000	Healthcare holiday resort development and operation HK$'000	Total HK$'000	Food and beverage HK$'000
Segment revenue						
Revenue from external customers	220,041	518,106	–	–	738,147	7,866
Segment results	(23,310)	(128,881)	65,998	(1,609)	(87,802)	2,675
Interest income					14,769	–
Share of profit and loss of an associate					(11,242)	–
Loss on disposal of subsidiaries					–	(2,286)
Finance costs					(93,868)	–
Corporate and other unallocated expenses, net					(53,121)	–
(Loss)/profit before tax					(231,264)	389

5. OPERATING SEGMENT INFORMATION (continued)

Other Segment Information

Year ended 31 March 2018

	Continuing operations					Discontinued operation
	Foundation piling HK$'000	Property development HK$'000	Securities investment HK$'000	Healthcare holiday resort development and operation HK$'000	Total HK$'000	Food and beverage HK$'000
Dividend income from equity investments at fair value through profit or loss	–	–	(425)	–	(425)	–
Depreciation	26,527	401	–	239	27,167	105
Fair value gains on investment properties under construction	–	–	–	(17,407)	(17,407)	–
Fair value gain on equity investments at fair value through profit or loss, net	–	–	(6,040)	–	(6,040)	–
Gain on disposal of available-for-sales investments	–	–	(1,481)	–	(1,481)	–
Gain on disposal of equity investments at fair value through profit or loss, net	–	–	(58,072)	–	(58,072)	–
(Gain)/loss on disposal of property, plant and equipment, net	(10,535)	13	–	241	(10,281)	–
Write-back of provision for long service payment	(1,326)	–	–	–	(1,326)	–
Impairment loss recognised on other receivable	–	2,374	–	–	2,374	–
Write-down of completed properties held for sale to net realisable value	–	20,531	–	–	20,531	–
Write-down of properties under development to net realisable value	–	2,026	–	–	2,026	–
Capital expenditures*	79	96,096	100	1,643,793	1,740,068	838

* Capital expenditure consists of additions to property, plant and equipment and investment properties under construction.

5. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 March 2017

	Continuing operations				Discontinued operation
	Foundation piling HK$'000	Property development HK$'000	Securities investment HK$'000	Total HK$'000	Food and beverage HK$'000
Segment revenue					
Revenue from external customers	268,029	219,090	–	487,119	24,027
Segment results	(25,740)	(221,585)	(193,302)	(440,627)	1,562
Bank interest income				240	–
Finance costs				(127,891)	–
Corporate and other unallocated expenses, net				(23,579)	–
(Loss)/profit before tax				(591,857)	1,562

Other Segment Information

Year ended 31 March 2017

	Continuing operations				Discontinued operation
	Foundation piling HK$'000	Property development HK$'000	Securities investment HK$'000	Total HK$'000	Food and beverage HK$'000
Dividend income from equity investments at fair value through profit or loss	–	–	(340)	(340)	–
Depreciation	32,560	326	–	32,886	253
Fair value loss on equity investments at fair value through profit or loss, net	–	–	143,111	143,111	–
Gain on disposal of available-for-sale investments	–	–	(539)	(539)	–
Loss on disposal of equity investments at fair value through profit or loss, net	–	–	51,061	51,061	–
Gain on disposal of property, plant and equipment, net	(4,933)	–	–	(4,933)	–
Write-down of completed properties held for sale to net realisable value	–	11,137	–	11,137	–
Write-down of properties under development to net realisable value	–	93,720	–	93,720	–
Capital expenditures	12,534	315	–	12,849	150

5. OPERATING SEGMENT INFORMATION (continued)

31 March 2018

	Foundation piling HK$'000	Property development HK$'000	Securities investment HK$'000	Healthcare holiday resort development and operation HK$'000	Total HK$'000
Segment assets	**113,289**	**736,079**	**952**	**2,051,981**	**2,902,301**
Reconciliation:					
Interest in an associate					**43,094**
Tax recoverable					**36,659**
Corporate and other unallocated assets					**57,067**
Total assets					**3,039,121**
Segment liabilities	**17,629**	**88,687**	**–**	**98,328**	**204,644**
Reconciliation:					
Due to related companies					**68,216**
Interest-bearing bank and other borrowings					**1,155,320**
Tax payables					**848**
Deferred tax liabilities					**48,943**
Corporate and other unallocated liabilities					**2,356**
Total liabilities					**1,480,327**

31 March 2017

	Foundation piling HK$'000	Property development HK$'000	Securities investment HK$'000	Food and beverage HK$'000	Total HK$'000
Segment assets	171,365	1,085,923	468,480	28,049	1,753,817
Reconciliation:					
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
Reconciliation:					
Due to a related company					50,687
Interest-bearing bank and other borrowings					802,310
Tax payables					770
Deferred tax liabilities					96,680
Corporate and other unallocated liabilities					1,764
Total liabilities					1,242,152

5. OPERATING SEGMENT INFORMATION (continued)

Geographical Information:

The revenue information is based on the location of customers. The non-current assets are based on the location of the assets and exclude available-for-sale investments.

	Revenue from external customers		Non-current assets	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**220,041**	268,029	**24,101**	76,624
Mainland China	**518,106**	219,090	**2,089,056**	928
	738,147	487,119	**2,113,157**	77,552

Information About Major Customers

During the year, revenue from continuing operation of approximately HK$151,218,000 (2017:HK$248,637,000) was derived from foundation piling segment to a single customer (2017: two customers), including sales to a group of entities which are known to be under common control of that customer. A summary of revenue for customers of the corresponding year contributing over 10% of the total revenue of the Group are set out below:

	2018	2017
	HK$'000	HK$'000
Customer A	**151,218**	195,266
Customer B	**N/A***	53,371
	151,218	248,637

* The corresponding revenue of the customer is not disclosed as it individually did not contribute over 10% of the Group's total revenue for the relevant year.

6. REVENUE

Revenue represents gross proceeds, net of business tax, from the sale of properties and provision of properties management services; and contract revenue of construction contracts during the year.

An analysis of revenue from continuing operations is as follows:

	2018 HK$'000	2017 HK$'000
Contract income	**220,041**	268,029
Sales of properties	**516,293**	218,370
Provision of properties management services	**1,813**	720
	738,147	487,119

7. OTHER INCOME AND GAINS/(LOSSES), NET

An analysis of other income and gains/(losses), net, from continuing operations is as follows:

	2018 HK$'000	2017 HK$'000
Interest income	**14,769**	240
Dividend income from equity investments at fair value through profit or loss	**425**	340
Gain on disposal of property, plant and equipment, net	**10,223**	4,933
Fair value gains on investment properties under construction (note 18)	**17,407**	–
Impairment loss recognised on other receivable	**(2,374)**	–
Write-back of provision for long service payment	**1,326**	–
Others	**3,499**	1,896
	45,275	7,409

8. GAINS/(LOSSES) ON EQUITY INVESTMENTS, NET

An analysis of gains/(losses) on equity investment, net, from continuing operations is as follows:

	2018 HK$'000	2017 HK$'000
Fair value gains/(losses) on equity investments at fair value through profit or loss, net	**6,040**	(143,111)
Gain on disposal of available-for-sale investments, net of transaction cost	**1,481**	539
Gain/(loss) on disposal of equity investments at fair value through profit or loss, net	**58,072**	(51,061)
	65,593	(193,633)

9. FINANCE COSTS

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

	2018 HK$'000	2017 HK$'000
Interest on bank and other loans	**91,395**	120,145
Interest on loan from a related company	**2,473**	4,231
Interest on promissory notes	**–**	3,515
	93,868	127,891

10. LOSS BEFORE TAX

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

	2018 HK$'000	2017 HK$'000
Auditor's remuneration	**1,540**	1,350
Cost of properties sold	**598,393**	304,070
Cost of services provided	**5,300**	5,927
Depreciation	**27,193**	32,912
Foreign exchange differences, net	**10,275**	16,403
Write-down of completed properties held for sales to net realisable value#	**20,531**	11,137
Write-down of properties under development to net realisable value#	**2,026**	93,720
Minimum lease payments under operating leases	**1,549**	1,785
Employee benefit expense (excluding directors' and chief executive's remuneration) (note 12):		
– Wages, salaries and bonus	**106,232**	109,281
– Contribution to defined contribution plans	**3,048**	4,209
Less: Amount capitalised	**(2,980)**	(4,807)
	106,300	108,683

Included in "cost of sales" on the face of the consolidated statement of profit or loss and other comprehensive income.

11. 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 engaged in provision of catering service to an independent third party at consideration of HK$30,000,000 in cash. The results of Pride Review Group are presented in these consolidated financial statements as the discontinued operation.

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

	2018 HK$'000	2017 HK$'000
Revenue	7,866	24,027
Cost of services	(2,252)	(10,782)
Gross profit	5,614	13,245
Administrative expenses	(2,939)	(11,683)
Profit before tax from the discontinued operation	2,675	1,562
Income tax (note 14)	–	(508)
Profit from the discontinued operation (note 16)	2,675	1,054
Loss on disposal of the Pride Review Group (note 40)	(2,286)	–
Profit for the year from the discontinued operation	389	1,054

The net cash flows incurred by the Pride Review Group are as follows:

	2018 HK$'000	2017 HK$'000
Operating activities	(3,563)	1,883
Investing activities	(838)	(150)
Financing activities	5,432	207
Net cash inflow	1,031	1,940
Earnings per share: Basic and diluted, from the discontinued operation	HK0.03 cents	HK0.02 cents

Calculation of the basic and diluted earning per share from the discontinued operation are based on:

	2018	2017
Profit attributable to ordinary equity holders of the Company from the discontinued operation	HK$2,675,000	HK$1,054,000
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation (note 16)	8,945,780,000	4,838,065,000

12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Fees HK$'000	Salaries, allowances and benefit in kind HK$'000	Discretionary bonus HK$'000	Contribution to defined contribution plans HK$'000	Total remuneration HK$'000
2018:					
Executive directors:					
Mr. Dai Dong Xing[3]	–	1,091	–	12	1,103
Mr. Mock Wai Yin	–	600	–	18	618
Dr. Wong Yun Kuen[8]	–	600	–	18	618
Mr. Zhang Sheng Hai[3]	–	422	–	–	422
	–	2,713	–	48	2,761
Non-executive director:					
Mr. Chui Kwong Kau	120	–	–	–	120
Independent non-executive directors:					
Mr. Chan Chi Keung, Billy[1]	45	–	–	–	45
Mr. Hua Shan[3]	76	–	–	–	76
Mr. Xu Liang Wei[3]	76	–	–	–	76
Mr. Wang Zhe[3]	76	–	–	–	76
Mr. Chai Chi Man[2]	53	–	–	–	53
Mr. Eric Todd[4]	55	–	–	–	55
Mr. Lam Chi Wai[5]	55	–	–	–	55
Ms. Lau Mei Ying[6]	45	–	–	–	45
Ms. Thadani Jyoti Ramesh[7]	6	–	–	–	6
	487	–	–	–	487
Total	607	2,713	–	48	3,368

Notes:

1. Appointed on 15 November 2017
2. Appointed on 19 April 2017 and resigned on 27 September 2017
3. Appointed on 14 August 2017
4. Appointed on 18 July 2016 and resigned on 14 August 2017
5. Resigned on 14 August 2017
6. Resigned on 17 July 2017
7. Resigned on 19 April 2017
8. Appointed on 5 July 2016
9. Resigned on 22 August 2016

12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

	Fees HK$'000	Salaries, allowances and benefit in kind HK$'000	Discretionary bonus HK$'000	Contribution to defined contribution plans HK$'000	Total remuneration HK$'000
2017:					
Executive directors:					
Mr. Mock Wai Yin	–	600	300	18	918
Dr. Wong Yun Kuen[8]	–	444	–	13	457
Mr. Wang Xin[9]	–	–	–		
	–	1,044	300	31	1,375
Non-executive director:					
Mr. Chui Kwong Kau	120	–	–	–	120
Independent non-executive directors:					
Mr. Lam Chi Wai[5]	120	–	–	–	120
Ms. Lau Mei Ying[6]	120	–	–	–	120
Mr. Eric Todd[4]	85	–	–	–	85
Ms. Thadani Jyoti Ramesh[7]	120	–	–	–	120
	445	–	–	–	445
Total	565	1,044	300	31	1,940

There were no arrangement under which a director or the chief executive (if any) waived or agreed to waive any remuneration during the year (2017: nil).

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director (2017: one director), details of whose remuneration are set out in note 12 above. Details of the remuneration for the year of the four (2017: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2018 HK$'000	2017 HK$'000
Salaries, allowances and benefits in kind	7,409	7,143
Discretionary bonuses	813	738
Contribution to defined contribution plans	61	72
	8,283	7,953

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2018	2017
Nil to HK$1,000,000	2	1
HK$1,000,001 to HK$1,500,000	–	1
HK$1,500,001 to HK$2,000,000	–	–
HK$2,000,001 to HK$2,500,000	–	1
HK$2,500,001 to HK$3,000,000	–	–
HK$3,000,001 to HK$3,500,000	2	1
	4	4

14. INCOME TAX

Hong Kong profit tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

PRC Corporate Income Tax in respect of operations in Mainland China has been calculated at the applicable tax rate based on existing legislation, interpretations and practices in respect thereof.

PRC Land Appreciation Tax ("**LAT**") is levied at progressive rates based on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including all property development expenditures.

14. INCOME TAX (continued)

	2018 HK$'000	2017 HK$'000
Charge for the year:		
Current – Hong Kong	**(193)**	–
Current – PRC	**(623)**	–
Current – PRC LAT	**(11,274)**	(6,925)
Deferred (note 34)	**47,737**	25,484
Total tax credit for the year from continuing operations	**35,647**	18,559
Total tax charge for the year from a discontinued operation (note 11)	**–**	(508)
	35,647	18,051

A reconciliation of the tax expense/(credit) applicable to profit/(loss) before tax at the statutory rate of Hong Kong, where the Company is headquartered, is as follows:

	2018 HK$'000	2017 HK$'000
Loss before tax from continuing operations	**(231,264)**	(591,857)
Profit before tax from a discontinued operation	**389**	1,562
	(230,875)	(590,295)
Tax at the statutory tax rate of 16.5%	**(38,094)**	(97,399)
Difference in tax rate of subsidiaries operating in other jurisdictions	**(9,770)**	(18,729)
Income not subject for tax	**(316)**	(213)
Expenses not deductible for tax	**20,205**	49,228
Tax losses utilised from previous periods	**(101)**	(157)
Tax losses not recognised	**31,816**	65,851
PRC LAT	**11,274**	6,925
Release of deferred tax on fair value adjustments upon sale of properties	**(49,750)**	(23,207)
Others	**(911)**	(350)
Tax credit for the year	**(35,647)**	(18,051)
Tax credit from continuing operations	**(35,647)**	(18,559)
Tax charge from a discontinued operation	**–**	508

15. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2018, nor has any dividend been proposed since the end of the reporting period (2017: nil).

16. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

Calculation of the basic loss per share is based on:

	2018 HK$'000	2017 HK$'000
Loss		
(Loss)/profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation:		
From continuing operations	**(190,011)**	(570,475)
From a discontinued operation (note 11)	**2,675**	1,054
Loss attributable to ordinary equity holders of Company	**(187,336)**	(569,421)

	Number of shares	
	2018 '000	2017 '000
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation (2017: as adjusted for share consolidation and rights issue)	**8,945,780**	4,838,065

No diluted loss per share has been presented for the years ended 31 March 2018 and 31 March 2017 as there was no dilutive potential ordinary shares outstanding during the years.

17. PROPERTY, PLANT AND EQUIPMENT

31 March 2018	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and Fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Construction In progress HK$'000	Total HK$'000
At 1April 2017:							
Cost	1,195	199,620	1,002	1,666	7,078	–	210,561
Accumulated depreciation	(530)	(145,331)	(477)	(830)	(5,651)	–	(152,819)
Net carrying amount	665	54,289	525	836	1,427	–	57,742
At 1 April 2017, net of accumulated depreciation	665	54,289	525	836	1,427	–	57,742
Additions	1,114	70	302	340	121	–	1,947
Acquisition of assets and liabilities (note 39)	73	–	116	81	274	–	544
Transfer from investment properties under construction (note 18)	–	–	–	–	–	364,416	364,416
Depreciation provided during the year	(326)	(25,450)	(270)	(392)	(860)	–	(27,298)
Disposals	(21)	(5,858)	(32)	(32)	(322)	–	(6,265)
Disposal of subsidiaries (note 40(a))	(966)	–	(163)	(274)	–	–	(1,403)
Exchange realignment	1	–	37	50	37	–	125
At 31 March 2018, net of accumulated depreciation	540	23,051	515	609	677	364,416	389,808
At 31 March 2018:							
Cost	1,812	117,769	1,195	1,857	4,721	364,416	491,770
Accumulated depreciation	(1,272)	(94,718)	(680)	(1,248)	(4,044)	–	(101,962)
Net carrying amount	540	23,051	515	609	677	364,416	389,808

17. PROPERTY, PLANT AND EQUIPMENT (continued)

31 March 2017	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and Fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1April 2016:						
Cost	1,195	200,339	1,019	1,186	6,386	210,125
Accumulated depreciation	(211)	(126,541)	(278)	(512)	(4,612)	(132,154)
Net carrying amount	984	73,798	741	674	1,774	77,971
At 1 April 2016, net of accumulated depreciation	984	73,798	741	674	1,774	77,971
Additions	–	11,782	–	517	700	12,999
Depreciation provided during the year	(319)	(31,291)	(190)	(327)	(1,039)	(33,166)
Exchange realignment	–	–	(26)	(28)	(8)	(62)
At 31 March 2017, net of accumulated depreciation	665	54,289	525	836	1,427	57,742
At 31 March 2017:						
Cost	1,195	199,620	1,002	1,666	7,078	210,561
Accumulated depreciation	(530)	(145,331)	(477)	(830)	(5,651)	(152,819)
Net carrying amount	665	54,289	525	836	1,427	57,742

At 31 March 2018, the Group's construction in progress with a carrying amount of HK$364,416,000 (2017: nil) were pledged to secure bank loan granted to the Group (note 32).

18. INVESTMENT PROPERTIES UNDER CONSTRUCTION

	Notes	**HK$'000**
Carrying amount at 1 April 2017		**–**
Acquisition of assets and liabilities	39	**1,643,166**
Additions		**95,249**
Gain from a fair value adjustment	7	**17,407**
Transfer to property, plant and equipment	17	**(364,416)**
Exchange realignment		**168,061**
Carrying amount at 31 March 2018		**1,559,467**

At 31 March 2018, the Group's investment properties under construction with carrying amount of HK$1,559,467,000 (2017: nil) were pledged to secure bank loan granted to the Group (note 32).

18. INVESTMENT PROPERTIES UNDER CONSTRUCTION (continued)

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

The Group's investment properties under construction was valued on 31 March 2018 based on valuations performed by Roma Appraisals Limited, independent professionally qualified valuers, at HK$1,559,467,000 (equivalent to RMB1,250,000,000) (2017: nil). During the year, the Group's management decide, to appoint which external valuer to be responsible for the external valuation of the Group's property. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussion with the valuer on the valuation assumptions and valuation result when the valuation is performed.

Particulars of the Group's investment properties under construction are as follows:

Location	Use	Tenure	Attributable interest of the Group
No. 1 Sheyuan Road, Sheshan Town, Songjiang District, Shanghai, PRC ("**Sheshan Project**")	Commercial	Medium term lease	68%

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties under construction:

	Fair value measurement as at 31 March 2018 using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for:				
Commercial property	–	–	1,559,467	1,559,467

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

18. INVESTMENT PROPERTIES UNDER CONSTRUCTION (continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties under construction:

Investment properties under construction held by the Group	Valuation technique and key inputs	Significant unobservable inputs and range or weighted average	Relationship of unobservable input to fair value
Holiday Resort and Residential Apartment (phase I and II) of Sheshan Project	Direct comparison method The key input is estimated market price per square meter ("m^2")	Estimated market prices below have been taking into account location and other individual factors such as building age, building facilities.	
		For residential (apartment) properties: Ranging from HK$24,504 to HK$29,765 For residential (villa) properties: Ranging from HK$36,247 to HK$36,521 For car parking spaces: Ranging from HK$187,200 to HK$287,040.	The higher the market price per m^2, the higher the fair value
Residential under development (phase III) of Sheshan Project	Residual method The key inputs are:		
	(1) Estimated price per m^2	Ranging from HK$36,247 to HK$36,521 (estimated market price per m^2, has been taking into account location and other individual factors such as building age and building facilities)	The higher the market price per m^2, the higher the fair value
	(2) Estimated development costs	HK$554,112,000	The higher the project development cost, the lower the fair value
	(3) Capitalisation rate	4.75%	The higher the capitalisation rate, the lower the fair value
	(4) Expected developer's profit	15%	The higher the expected developer's profit, the lower the fair value

19. GOODWILL

At 31 March 2017, goodwill with carrying amount of HK$17,336,000 acquired through business combination was allocated to the food and beverage cash-generating unit for impairment testing.

The recoverable amount of the food and beverage cash-generating unit had been determined by value in use approach adopted by Grant Sherman Appraisal Limited, an independent qualified valuer, based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The following described each key assumption on which management had based its cash flow projections to undertake impairment testing of goodwill:

- Average revenue growth rate of 2.6% with reference to the average performance in the past and the expected returns within the relevant industry;
- Discount rate of 15.0% was used with reference to the current market data for the relevant industry and comparable companies; and
- Terminal growth rate of 3.0% was used with reference to the Hong Kong's average inflation rate in the past five years.

The values assigned to the above key assumption on market development of food and beverage industry, discount rates and inflation rate are consistent with external information sources.

On 17 July 2017, the food and beverage business were discontinued and the goodwill is derecognised upon disposal of the Pride Review Group as set out in note 40(a).

20. INTEREST IN AN ASSOCIATE

	2018 **HK$'000**
Cost of investment in an associate	**52,682**
Share of loss	**(11,242)**
Exchange realignment	**1,654**
At 31 March 2018	**43,094**

Particulars of the Group's associate at the end of the reporting period are as follows:

Name	**Place of registration and business**	**Percentage of ownership interest attributable to the Group**	**Principal activities**
Tengchong Zongheng Volcanic Tourism Development Company Limited ("**Tengchong Project**")	PRC	44%	Property development, property investment and provision of healthcare services

The Group obtained 44% equity interest in Tengchong Project on 22 December 2017, the shareholdings in which is held through a wholly-owned subsidiary of the Company.

20. INTEREST IN AN ASSOCIATE (continued)

The following table illustrates the summarised financial information in respect of Tengchong Project adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2018 HK$'000
Current assets	374,086
Non-current assets	416
Current liabilities	(276,560)
Non-current liabilities	–
Net assets	97,942
Reconciliation to the Group's interest in the associate:	
Proportion of the Group's ownership	44%
Group's share of net assets of an associate and carrying amount of the investment	43,094
Revenue	–
Loss for the period	(25,550)
Other comprehensive income	–
Total comprehensive loss for the period	(25,550)
Dividend received	–

21. AVAILABLE-FOR-SALE INVESTMENTS

	2018 HK$'000	2017 HK$'000
Listed equity investments, at fair value	**192**	875

During the year, the gross loss in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to HK$2,165,000 (2017: HK$2,845,000) of which HK$1,481,000 (2017: HK$555,000) was reclassified from other comprehensive loss to the profit or loss for the year.

The above investments consist of investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

22. INVENTORIES

	2018 HK$'000	2017 HK$'000
Food and beverage	**–**	370

23. COMPLETED PROPERTIES HELD FOR SALE

The Group's completed properties held for sale are located in the PRC. All completed properties held for sale are stated at the lower of costs and net realisable value.

Further particulars of the Group's completed properties held for sale are set out on page 139 of the annual report.

24. PROPERTIES UNDER DEVELOPMENT

	2018 HK$'000	2017 HK$'000
Properties under development, expected to be recovered:		
Within one year	**45,158**	358,541
After more than one year	**–**	559,386
	45,158	917,927

The Group's properties under development is located in the PRC and are stated at the lower of cost and net realisable value.

During the year ended 31 March 2018, certain items of the Group's properties under development with an aggregate carrying value of HK$1,008,991,000 (2017: nil) were transferred to completed properties held for sale.

Further particular of the Group's properties under development are set out on page 139 of the annual report.

25. TRADE AND RETENTION RECEIVABLES

	2018 HK$'000	2017 HK$'000
Trade receivables	**24,712**	37,050
Retention receivables	**17,697**	31,266
	42,409	68,316

Trade receivables represented receivables from construction contracts for foundation piling business (2017: included in trade receivables of HK$667,000 represented the receivables arising from the provision of catering services). 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 receivable are past due when a counterparty has failed to make a payment when contractually due and their credit period granted to customers is generally for a period of one month or otherwise the payment terms of contract work are stipulated in the related contract. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and retention receivables related to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and retention receivable balances. Trade and retention receivables are non-interest bearing.

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

	2018 HK$'000	2017 HK$'000
Within 1 month	**10,767**	20,978
1 to 2 months	**13,217**	15,876
Over 2 to 3 months	**–**	196
Over 3 months	**728**	–
	24,712	37,050
Retention receivables	**17,697**	31,266
	42,409	68,316

The aged analysis of the trade and retention receivables that are not individually nor collectively considered to be impaired is as follows:

	2018 HK$'000	2017 HK$'000
Neither past due nor impaired	**22,905**	49,962
Less than 1 month past due	**13,217**	15,876
1 to 2 months past due	**–**	196
Over 2 months past due	**6,287**	2,282
	42,409	68,316

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

Receivables that were past due but not impaired relate to several independent customers that have a good track record with the Group. Based on the past experience, the directors 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.

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2018 HK$'000	2017 HK$'000
Deposits		**1,252**	3,730
Prepayments		**124,486**	21,969
Other receivables	(a)	**31,225**	20,209
		156,963	45,908
Less: Prepayments and deposits expected to be recovered more than twelve months and classified as non-current assets	(b)	**(120,788)**	(2,474)
		36,175	43,434

(a) Included in other receivables of HK$27,572,000 (2017: nil) represented a loan receivable to an independent third party at 10% per annum and repayable within 12 months from the drawdown date. The Group does not hold any collateral or other credit enhancements over the loan receivable and have assessed the recoverability of the loan receivable with reference to the personal wealth and income sources of the borrower.

(b) Included in the non-current portion of prepayments of HK$120,520,000 (2017: nil) represented a prepaid construction cost to the Group's main constructor for healthcare holiday resort development under construction located in the PRC. The properties, upon completion, are for rental purpose and hence, it is classified an non-current assets.

None of the above assets is either past due or impaired. The financial assets included in the above balances related to receivables for which there was no recent history of default.

27. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018 HK$'000	2017 HK$'000
Listed equity investments, at market value	**14,947**	121,916

The above equity investments at 31 March 2018 and 2017 were classified as held for trading and were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss.

The market value of the Group's listed equity investments at date of approval of these financial statements was HK$11,140,000.

28. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	2018 HK$'000	2017 HK$'000
Cash and bank balances	**311,496**	475,709
Less: Restricted cash (note (a))	**(101,111)**	(64,969)
Cash and cash equivalents	**210,385**	410,740
Denominated in RMB (note (b))	**253,094**	78,358
Denominated in HK$	**58,402**	397,351
	311,496	475,709

Notes:

(a) Pursuant to relevant regulations in the PRC, certain properties development companies of the Group are required to place certain amounts of pre-sale proceeds received at designated bank accounts as guarantee deposits for the construction of the related properties. As at 31 March 2018, such guarantee deposits amounted to HK$101,111,000 (2017: HK$64,969,000).

(b) The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for others currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rate based on daily bank deposit rates. The bank balances and restricted cash are deposited with creditworthy banks with no recent history of default.

29. 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:

	2018 HK$'000	2017 HK$'000
Within 1 month	**10,166**	22,809
1 to 2 months	**3,193**	2,084
Over 2 to 3 months	**23**	4,864
Over 3 months	**8,511**	5,380
	21,893	35,137

30. OTHER PAYABLES AND ACCRUALS

	2018 HK$'000	2017 HK$'000
Accruals	**12,133**	11,605
Deposits received and receipt in advance	**134,827**	241,323
Other payables	**37,306**	378
	184,266	253,306

Other payables are non-interest-bearing and have an average term of one month.

31. AMOUNTS DUE TO RELATED COMPANIES

(a) The amount included a loan advanced from Excellent Speed Limited ("**Excellent Speed**") of HK$49,456,000 (2017: HK$49,456,000) and interest payables of HK$3,704,000 (2017: HK$1,231,000) as at 31 March 2018. Excellent Speed is beneficially owned as to 50% by Dr. Wong Sai Cheng, Albert ("**Dr. Albert Wong**") and as to 50% by Mr. Lam Wing Sum ("**Mr. WS Lam**"). Dr. Albert Wong and Mr. WS Lam are directors of a subsidiary of the Company and considered as key management personnel of the Group as at 31 March 2018 and 2017. The loan advanced from Excellent Speed is unsecured, bears interest at 5% per annum and repayable on demand.

During the year, the finance cost charged to the Group for the amount due to Excellent Speed is HK$2,473,000 (2017: HK$4,231,000).

(b) Included in the amounts due to related companies, in which Mr. Qiu Doug Fang ("**Mr. Qiu**"), the substantial shareholder of the Company, is the ultimate controlling shareholder in common, of HK$15,056,000 (2017: nil) are unsecured, interest free and repayable on demand.

32. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2018			2017		
	Effective interest rate (%)	**Maturity**	**HK$'000**	Effective interest rate (%)	Maturity	HK$'000
Current						
Bank loans – unsecured (note (a))	**2.375-2.5**	**On demand**	**10,805**	2.2-3.0	On demand	29,338
Bank loans – secured (note (b))	**4.75**	**October 2018**	**76,714**	–	–	–
Other loan – secured (note (c))	**10**	**October 2018**	**787,001**	13.4	October 2017	772,972
			874,520			802,310
Non-current						
Bank loan – secured (note (b))	**4.75**	**2019-2020**	**280,800**			–
			1,155,320			802,310

Notes:

(a) As 31 March 2018, personal guarantee is given by each of Dr. Albert Wong and Mr. WS Lam, for the Group's bank loans up to HK$69,800,000 (2017: HK$97,821,000). The bank loans are denominated in HK$.

(b) The Group's bank loan is secured by the Group's construction in progress and investment properties under construction with total carrying value of HK$1,923,883,000, and lands owned by the related companies, which controlled by Mr. Qiu; personal guarantee given by each of Mr. Qiu and his spouse, Ms. Huang Jian; and corporate guarantees provided by the related companies controlled by Mr. Qiu. The bank loan is denominated in RMB.

(c) The Group's other loan is secured by the pledged shares of an associate and certain subsidiaries held by the Company (2017: two subsidiaries of the Company). The other loan is denominated in United States dollars ("**USD**").

33. PROVISION FOR LONG SERVICE PAYMENTS

	2018 HK$'000	2017 HK$'000
At beginning of year	**3,262**	4,848
Write-back of provision	**(1,326)**	–
Amount utilised during the year	**(1,095)**	(1,586)
At end of year	**841**	3,262

Under the Hong Kong Employment Ordinance, the Group obligated to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employees' final salary and years of services, and is reduced by entitlements accrued under the Group's retirement plan that are attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations. The long service payments are paid out from the Group's cash at banks when such payments are required. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their services to the Group at the end of each of the reporting period.

34. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities during the year are as follows:

	Fair value adjustments arising from acquisition of subsidiaries HK$'000	Depreciation allowance in excess of related depreciation HK$'000	Revaluation of investment properties under construction HK$'000	Total HK$'000
At 1 April 2016	114,967	7,197	–	122,164
Credited to the profit or loss (note 14)	(23,207)	(2,277)	–	(25,484)
At 31 March 2017 and 1 April 2017	91,760	4,920	–	96,680
Credited to the profit or loss (note 14)	**(49,750)**	**(2,339)**	**4,352**	**(47,737)**
At 31 March 2018	**42,010**	**2,581**	**4,352**	**48,943**

The Group has tax losses of HK$595,215,000 (2017: HK$461,154,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax asset has not been recognised in respect of these losses as the utilisation of which is uncertain.

35. SHARE CAPITAL

	2018		2017	
	Number of shares	**HK$'000**	Number of shares	HK$'000
Authorised:				
Ordinary shares of HK$0.025 each (note (b))	**16,000,000,000**	**400,000**	16,000,000,000	400,000

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

	Number of shares in issue	**Share capital** HK$'000	**Share Premium accounts** HK$'000	**Total** HK$'000
Issued and fully paid:				
At 1 April 2016	24,900,000,000	24,900	153,962	178,862
Share consolidation (note (a))	(23,904,000,000)	–	–	–
Rights issue (notes (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 and 1 April 2017	**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 31 March 2018	**9,074,000,000**	**226,850**	**1,350,993**	**1,577,843**

Notes:

(a) At the extraordinary general meeting of the Company held on 14 June 2016, the ordinary resolution was passed in respect of the share consolidation (the "**Share Consolidation**") of every twenty-five (25) issued and unissued ordinary shares of the Company of HK$0.001 each into one (1) consolidated share of the Company of HK$0.025 each (the "**Consolidated Share**"). Immediately after the Share Consolidation became effective on 15 June 2016, the issued and fully paid ordinary share capital of the Company was 996,000,000 shares of HK$0.025 each.

(b) At the extraordinary general meeting of the Company held on 14 June 2016, the ordinary resolution was passed to increase the authorised share capital of the Company from HK$200,000,000 to HK$400,000,000 by the creation of additional 8,000,000,000 ordinary shares of HK$0.025 each following the Share Consolidation mentioned in (a) above.

35. SHARE CAPITAL (continued)

Notes: (continued)

(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. Details of which are set out in the Company's circular dated 26 January 2017 and announcement dated 19 April 2017.

36. SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was adopted pursuant to a resolution passed on 22 September 2013 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 of the Group, 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.

Under the Scheme, the maximum number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the shares in issue upon the date of which the shares are listed and permitted to be dealt in the Stock Exchange. The 10% limit may be refreshed at any time by approval of the Company's shareholders 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. Subject to the approval of the Company's 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.

36. SHARE OPTION SCHEME (continued)

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 shareholders of the Company in general meeting with such participant and his associates abstaining from voting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approval by the independent non-executive directors of the Company (excluding independent non-executive director who is the grantee). Where any share options granted to a substantial shareholder or an independent non-executive director of the Company, 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 Company's 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, exercised, cancelled or lapsed under the Scheme during the year nor outstanding at the end of the reporting period.

37. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 65 of the annual report.

38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2018	2017
Percentage of equity interest held by non-controlling interests		
Pearl Swirls Limited and its subsidiary ("**PS Group**")	**49%**	49%
Anway and its subsidiaries ("**Anway Group**")	**32%**	N/A

	2018 **HK$'000**	2017 HK$'000
(Loss)/profit for the year allocated to non-controlling interests:		
PS Group	**(10,518)**	(2,823)
Anway Group	**2,626**	N/A
Accumulated balances of non-controlling interests at the reporting date:		
PS Group	**40,142**	50,660
Anway Group	**569,834**	N/A

The following tables illustrate the summarised financial information of PS Group and Anway Group. The amounts disclosed are before any inter-company eliminations:

	PS Group HK$000	Anway Group HK$000	**2018 Total HK$000**	2017 Total HK$'000
Revenue	220,041	30,641	**250,682**	276,760
Total expenses	(241,507)	(22,436)	**(263,943)**	(300,992)
(Loss)/profit for the year	(21,466)	8,205	**(13,261)**	(24,232)
Total comprehensive (loss)/income for the year	(21,466)	163,087	**141,621**	(24,232)
Current assets	89,541	259,200	**348,741**	115,330
Non-current assets	23,749	2,045,802	**2,069,551**	56,076
Current liabilities	(27,946)	(239,117)	**(267,063)**	(59,836)
Non-current liabilities	(3,422)	(285,152)	**(288,574)**	(8,182)
Net cash flows from/(used in) operating activities	4,630	51,930	**56,560**	(24,878)
Net cash flow from/(used in) investing activities	16,334	(264,585)	**(248,251)**	(8,161)
Net cash flows (used in)/from financing activities	(19,007)	138,924	**119,917**	(10,111)
Net increase/(decrease) in cash and cash equivalents	1,957	(73,731)	**(71,774)**	(43,150)

39. 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 Group at the consideration of HK$1,100,000,000. The acquisition has been completed on 19 April 2017. At the time of acquisition, the major assets held by Anway Group consisted of investment properties under construction. In the opinion of the directors of the Company, the acquisition of Anway Group does not constitute a business combination but an acquisition of assets and liabilities. The assets and liabilities of Anway Group acquired at the date of acquisition were as follows:

	Notes	HK$'000
Net assets acquired:		
Property, plant and equipment	17	544
Investment properties under construction	18	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

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

	HK$'000
Cash and bank balances	529
Cash paid	(860,000)
Net outflow of cash and cash equivalents	(859,471)

40. DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiaries

As disclosed in note 11 to the consolidated financial statements, the Group disposed of its equity interest in Pride Review Group, and the assets and liabilities disposed of at the disposal date were as below:

	Notes	HK$'000
Net assets disposed of:		
Property, plant and equipment	17	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	19	17,336
Due to the immediate holding company assigned		10,676
Loss on disposal of the Pride Review Group	11	(2,286)
		30,000
Satisfied by cash:		
Cash		30,000

Analysis of cash flows in respect of disposal of Pride Review Group is as follows:

	HK$'000
Cash consideration	30,000
Cash and bank balances disposed	(5,739)
Net inflow of cash and cash equivalents	24,261

40. DISPOSAL OF SUBSIDIARIES (continued)

(b) Partial disposal of interests in subsidiaries

On 25 July 2016, the Company (as the vendor) and Excellent Speed (as the purchaser) entered into a sale and purchase agreement, pursuant to which the Company had conditionally agreed to sell 49% of the issued share capital of Pearl Swirls Limited, a subsidiary of the Company, to Excellent Speed at the consideration of HK$80,000,000 (the "**Disposal**"). Pearl Swirls Limited is investment holding company incorporated in the BVI with limited liability, its directly wholly-owned subsidiary, Ngai Shun Construction & Drilling Company Limited is principally engaged in the foundation piling business.

The completion of the Disposal took place on 30 September 2016 and the consideration was offset by the loan of HK$70,544,000 and interest payable of HK$9,456,000 owed to Excellent Speed by the Company. Since the Disposal was provided a non-cash transaction and therefore not included in statement of cash flows during the year ended 31 March 2017. Upon completion of the Disposal, the Company and Excellent Speed holds 51% and 49% of the total issued share capital of Pearl Swirls Limited, respectively. Since the change in the ownership interest of the PS Group without a loss of control, the financial results of the PS Group would continue to be consolidated into the Group's financial statements.

Such dilution of shareholding of the PS Group held by the Company from 100% to 51% constituted a partial disposal of the Group's equity interest in the PS Group, and the difference of HK$26,517,000 between the fair value of the consideration received and 49% carrying amount of the net assets attributable to the deemed disposal of was recognised directly in equity as other reserve during the year ended 31 March 2017.

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Change in liabilities arising financing activities

	Amounts due to related companies HK$'000	**Interest-bearing bank and other borrowings** HK$'000
At 1 April 2017	50,687	802,310
Changes from financing cash flows	(323,628)	110,245
Acquisition of assets and liabilities	338,693	240,000
Interest expenses	2,473	91,395
Interest paid	–	(91,395)
Exchange realignment	(9)	2,765
At 31 March 2018	68,216	1,155,320

42. COMMITMENTS

(a) Operating lease arrangements

The Group lease certain of office properties and staff quarters and are negotiated for terms ranging from one to three years (2017: two to three years).

At 31 March 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2018 HK$'000	2017 HK$'000
Within one year	**3,278**	6,662
In the second to fifth years, inclusive	**1,557**	11,287
	4,835	17,949

(b) Other commitments

The Group has the following commitments at the end of the reporting period:

	2018 HK$'000	2017 HK$'000
Capital commitments:		
Contracted, but not provided for:		
Property, plant and equipment	**–**	2,240
Investment properties under construction	**334,034**	–
Other commitments:		
Development cost for properties under development for sale	**1,076**	83,156
	335,110	85,396

43. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group entered into the following material transactions with related parties during the year ended 31 March 2018.

(a) 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 and gains/(losses), net, on the face of the consolidated statement of profit or loss and other comprehensive income.

(b) The purchase of HK$958,000 (2017: nil) was made from 上海錦臻盛國際貿易有限公司, a company of which controlled by Mr. Qiu. The directors consider that the purchase of construction materials was charged in accordance with terms mutually agreed between the respective parties.

(c) Compensation of key management personnel of the Group

	2018 **HK$'000**	2017 HK$'000
Short-term employee benefits	**3,368**	1,940

Further details of directors and the chief executive's remuneration are included in note 12 to the consolidated financial statements.

44. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

At 31 March 2018

Financial assets	Financial assets at fair value through profit or loss HK$'000	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Available-for-sale investments	–	–	192	192
Trade and retention receivables	–	42,409	–	42,409
Financial assets included in prepayment, deposits and other receivables	–	32,477	–	32,477
Equity investments at fair value through profit or loss	14,947	–	–	14,947
Restricted cash	–	101,111	–	101,111
Cash and cash equivalents	–	210,385	–	210,385
	14,947	386,382	192	401,521

Financial liabilities	Financial liabilities at amortised cost HK$'000	Total HK$'000
Trade payables	21,893	21,893
Financial liabilities included in other payables and accruals	37,306	37,306
Due to related companies	68,216	68,216
Interest-bearing bank and other borrowings	1,155,320	1,155,320
	1,282,735	1,282,735

44. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

At 31 March 2017

Financial assets	Financial assets at fair value through profit or loss HK$000	Loans and receivables HK$000	Available-for-sale financial assets HK$000	Total HK$'000
Available-for-sale investments	–	–	875	875
Trade and retention receivables	–	68,316	–	68,316
Financial assets included in prepayment, deposits and other receivables	–	23,939	–	23,939
Equity investments at fair value through profit or loss	121,916	–	–	121,916
Restricted cash	–	64,969	–	64,969
Cash and cash equivalents	–	410,740	–	410,740
	121,916	567,964	875	690,755

Financial liabilities	Financial liabilities at amortised cost HK$000	Total HK$'000
Trade payables	35,137	35,137
Financial liabilities included in other payables and accruals	378	378
Due to a relate company	50,687	50,687
Interest-bearing bank and other borrowings	802,310	802,310
	888,512	888,512

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the directors and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the directors. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair value of equity investments are based on quoted market price.

Fair value hierarchy

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

Assets measured at fair value on recurring basis:

	Fair value measurement using			
As at 31 March 2018	**Quoted prices in active markets (Level 1) HK$'000**	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Available-for-sale investments:				
Equity investments	**192**	**–**	**–**	**192**
Equity investments at fair value through profit or loss	**14,947**	**–**	**–**	**14,947**
	15,139	**–**	**–**	**15,139**

	Fair value measurement using			
As at 31 March 2017	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Available-for-sale investments:				
Equity investments	875	–	–	875
Equity investments at fair value through profit or loss	121,916	–	–	121,916
	122,791	–	–	122,791

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair value hierarchy (continued)

The Group did not have any financial liabilities measured at fair value as at 31 March 2018 and 31 March 2017.

During the year ended 31 March 2018 and 2017, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

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

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, restricted cash and interest-bearing bank and other borrowings. The main purpose of these financial instruments is used to raise finance for the Group's operations and investments. The Group has various other financial assets and liabilities such as trade and retention receivables, amounts due to related companies, deposits and other receivables, trade and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, equity price risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group cash flow interest rate risk primarily relates to its variable-rate bank balances and unsecured bank borrowings. In addition, the Group also expose to fair value interest rate risk relates to fixed interest rate other borrowings, secured bank loan and certain loan advanced from related parties.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank balances and bank borrowings. The analysis is prepared assuming the amount of bank balances and bank borrowings outstanding at the end of the reporting period were outstanding for the whole year. A 10 basis points (2017: 10 basis points) increase is used for bank balances and a 100 basis points (2017: 100 basis points) increase or decrease is used for bank borrowings, which represents management's assessment of reasonably possible changes in interest rates.

For variable-rate bank balances, if the interest rate increase by 10 basis points (2017: 10 basis points) and all other variables were held constant, the post-tax loss for the year will decrease by approximately HK$311,000 (2017: HK$476,000). No sensitivity for the decrease in interest rate is performed as the directors considered the existing interest rate level for bank balances is so low that close to zero and the financial impact would not be material.

For bank borrowings, if interest rate increases/decreases by 100 basis points (2017: 100 basis points) and all other variables were held constant; the post-tax loss for the year will increase/decrease by approximately HK$108,000 (2017: HK$293,000).

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as trading equity investments (note 27) and available-for-sale investments (note 21) as at 31 March 2018 and 2017. The Group's listed investments are listed on the Stock Exchange and are valued at quoted market prices at the end of the reporting period.

The following table demonstrates the sensitivity to every 5% (2017: 5%) increase in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the available-for-sale equity investments, the impact is deemed to be on the revaluation reserve and no account is given for factors such as impairment which might impact the profit or loss.

	Carrying amount of equity instruments HK$'000	**Increase/ (decrease) in loss before tax HK$'000**	**Increase/ (decrease) in equity HK$'000**
2018			
Investments listed in Hong Kong			
Available-for-sale	**192**	**–**	**10**
Held-for-trading	**14,947**	**(747)**	**–**
	15,139	**(747)**	**10**

	Carrying amount of equity instruments HK$'000	Increase/ (decrease) in loss before tax HK$'000	Increase/ (decrease) in equity HK$'000
2017			
Investments listed in Hong Kong			
Available-for-sale	875	–	44
Held-for-trading	121,916	(6,096)	–
	122,791	(6,096)	44

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

The carrying amounts of major foreign currency denominated monetary liabilities which expose the Group to foreign currency risk at the end of the reporting period are as follows:

	Liabilities	
	2018	2017
	HK$000	HK$'000
USD	**787,001**	772,972

The following table details the sensitivity to a 5% (2017: 5%) increase and decrease in the relevant foreign currency and all other variables were held constant. 5% is the sensitivity rate used which represents management's assessment of the possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2017: 5%) change in foreign currency rate. A positive (negative) number below indicates a decrease (increase) in post-tax loss for the year where functional currency entities strengthen 5% (2017: 5%) against foreign currency. For a 5% (2017: 5%) weakening of functional currency of respective group entities against foreign currency, there would be an equal and opposite impact on the result for the year.

	2018	2017
	HK$000	HK$'000
USD	**39,350**	38,649

Credit risk

The maximum exposure to credit risk by the Group which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

As at 31 March 2018, there were two (2017: three) customers which individually contributed over 10% of the Group's trade and retention receivables. The aggregate amount of trade and retention receivables from these customers amounted to 88% (2017: 85%) of the Group's total trade and retention receivables. In order to minimise the credit risk, the management of the Group generally grants credit terms only to customers with good credit history and also closely monitors overdue trade debt. The recoverable amount of each individual trade debt is reviewed at the end of the reporting period and adequate impairment for doubtful debts has been made for irrecoverable amounts. In this regard, the directors consider that the credit risk of the Group is significantly reduced.

The credit risk on liquid funds of the Group is limited because the counterparties are banks with good reputation.

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group regularly reviews its major funding positions to ensure it has adequate financial resources in meeting its financial obligations. The Group aims to maintain flexibility in funding by keeping committed credit lines available and sufficient bank deposits to meet its short-term cash requirements. The Group's liquidity risk management includes diversifying the funding sources.

At 31 March 2018, the Group had net current liabilities of HK$223,971,000. Having taken into account (i) the Group has obtained loan credit facilities from an independent third party and connected persons in aggregate of HK$1,125,000,000 for a period of at least twelve months from the end of the report period subsequent to 31 March 2018 for financing the Group's working capital; and (ii) sales proceeds from the Group's property development segment, the directors of the Company are satisfied that the Group will have sufficient working capital for its present requirements.

The maturity profile of the Group's financial liabilities at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

At 31 March 2018	**On demand HK$'000**	**Less than 3 months HK$'000**	**3 to less than 12 months HK$'000**	**1 to 5 years HK$'000**	**Total HK$'000**
Trade payables	**10,972**	**10,921**	**–**	**–**	**21,893**
Other payables	**37,306**	**–**	**–**	**–**	**37,306**
Due to related companies	**68,216**	**–**	**–**	**–**	**68,216**
Interest-bearing bank and other borrowings	**10,805**	**–**	**911,779**	**300,807**	**1,223,391**
	127,299	**10,921**	**911,779**	**300,807**	**1,350,806**

At 31 March 2017	On demand HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Total HK$'000
Trade payables	21,852	13,113	172	–	35,137
Other payables	378	–	–	–	378
Due to a related company	52,964	–	–	–	52,964
Interest-bearing bank and other borrowings	30,001	–	830,082	–	860,083
	105,195	13,113	830,254	–	948,562

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of debt balance and equity balance. Debt balance consists of interest-bearing bank and other borrowings and amounts due to related companies. Equity balance consists of equity attributable to owners of the Company, comprising issued capital and reserves.

The directors review the capital structure on an on-going annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure and take appropriate actions to adjust the Group's capital structure.

47. EVENT AFTER THE REPORTING PERIOD

After the reporting period ended 31 March 2018, there was no significant event affecting the Group required to be disclosed.

48. CONTINGENT LIABILITIES

(a) The Group, in the ordinary course of its business, is involved in various claims, suits, investigations, and legal proceedings that arise from time to time. Although the Group does not expect that the outcome in any of these legal proceedings, individually or collectively, will have a material adverse effect on its financial position or results of operations, litigation is inherently unpredictable. Therefore, the Group could incur judgements or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.

(b) Pending litigation

As at 31 March 2018, there were four outstanding cases for compensation and personal injuries claims, against the Group by the employee of the subcontractors and the employee of the Group. The claims were related to the employee of the subcontractors 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 consolidated financial statements.

49. COMPARATIVE AMOUNTS

The comparative statement of profit or loss and other comprehensive income has been re-presented as if the operation discontinued during the current year had been discontinued at the beginning of the comparative period (note 11). In addition, certain comparative amounts have been reclassified to conform with current year's presentation as management believes that the current presentation will provide more relevant information to the users of the financial information for evaluation of the Group's operation performance.

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of reporting period is as follows:

	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS		
Property, plant and equipment	**83**	67
Interests in subsidiaries	**1,461,352**	839,881
Rental deposit	**268**	–
Total non-current assets	**1,461,703**	839,948
CURRENT ASSETS		
Prepayments, deposits and other receivables	**646**	20,164
Equity investments at fair value through profit or loss	**14,789**	116,376
Cash and cash equivalents	**13,443**	349,567
Total current assets	**28,878**	486,107
CURRENT LIABILITIES		
Other payables and accruals	**2,302**	2,994
Due to a related company	**53,160**	49,456
Interest-bearing other borrowings	**787,001**	772,972
Total current liabilities	**842,463**	825,422
NET CURRENT LIABILITIES	**(813,585)**	(339,315)
TOTAL ASSETS LESS CURRENT LIABILITIES AND NET ASSETS	**648,118**	500,633
EQUITY		
Share capital	**226,850**	161,850
Reserves (note)	**421,268**	338,783
Total equity	**648,118**	500,633

Mr. Dai Dong Xing
DIRECTOR

Mr. Mock Wai Yin
DIRECTOR

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium HK$'000	Special reserves* HK$'000	Exchange fluctuation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2016	153,962	93,267	–	(84,387)	162,842
Loss for the year and total comprehensive loss for the year	–	–	–	(566,090)	(566,090)
Issue of rights share (note 35)	766,920	–	–	–	766,920
Share issue expenses (note 35)	(24,889)	–	–	–	(24,889)
At 31 March 2017	**895,993**	**93,267**	**–**	**(650,477)**	**338,783**
Loss for the year and total comprehensive loss for the year	**–**	**–**	**–**	**(372,515)**	**(372,515)**
Issue of new shares (note 35)	**455,000**	**–**	**–**	**–**	**455,000**
Exchange differences on translation	**–**	**–**	**75,052**	**(75,052)**	**–**
At 31 March 2018	**1,350,993**	**93,267**	**75,052**	**(1,098,044)**	**421,268**

The special reserve represents the difference between the fair value of the shares of Pearl Swirls Limited acquired pursuant to the reorganisation in September 2013 over the nominal value of the Company's share issued in exchange therefore.

51. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 27 June 2018.

Particulars of Properties Held by the Group

Year ended 31 March 2018

INVESTMENT PROPERTIES UNDER DEVELOPMENT

Property	Location	Use	Site area (Sq.m)	Projected gross floor area (Sq.m)	Attributable interest of the Group
Fu Chun Sheshan Project	No.1 Sheyuan Road, Sheshan Town, Songjiang District, Shanghai, PRC	Lodging, food and beverage use	129,438	68,275	68%

The construction works of Phase 1 and 2 is expected to be completed in October 2018 and Phase 3 is expected to be completed in December 2020.

COMPLETED PROPERTIES HELD FOR SALE

Property	Location	Use	Site area (Sq.m)	Gross floor area (Sq.m)	Attributable interest of the Group
The Tangxi Villas	Nan Hu Feng Jing District, Yueyang City, Hunan Province, PRC	Commercial services and residential uses	46,530	31,247	100%

PROPERTIES UNDER DEVELOPMENT

Property	Location	Use	Site area (Sq.m)	Gross floor area (Sq.m)	Attributable interest of the Group	Expected date of completion
The Tangxi Villas	Nan Hu Feng Jing District, Yueyang City, Hunan Province, PRC	Commercial services and residential uses	4,591	3,083	100%	August 2018

Financial Summary

Year ended 31 March 2018

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements.

RESULTS	**2018** **HK$'000**	2017 HK$'000 (Re-presented)	2016 HK$'000	2015 HK$'000 (Re-presented)	2014 HK$'000
Continuing operations					
Revenue	**738,147**	487,119	532,194	558,150	486,906
Cost of sales	**(846,758)**	(676,104)	(480,404)	(408,371)	(353,509)
Gross (loss)/profit	**(108,611)**	(188,985)	51,790	149,779	133,397
Other income and gains/(losses), net	**45,275**	7,409	13,148	22,755	5,146
Selling and distribution expenses	**(22,063)**	(7,141)	(2,251)	–	–
Administrative expenses	**(106,348)**	(81,616)	(88,508)	(61,155)	(47,293)
Share of result of a joint venture	**(11,242)**	–	–	–	–
Operating (loss)/profit	**(202,989)**	(270,333)	(25,821)	111,379	91,250
Gains/(losses) on equity investments	**65,593**	(193,633)	(103,184)	(3,497)	–
Finance Costs	**(93,868)**	(127,891)	(71,176)	(1,186)	(1,227)
(Loss)/profit before tax	**(231,264)**	(591,857)	(200,181)	106,696	90,023
Income tax credit/(expenses)	**35,647**	18,559	6,788	(16,134)	(16,644)
(Loss)/profit for the year from continuing operations	**(195,617)**	(573,298)	(193,393)	90,562	73,379
Discontinued operation					
Profit for the year from a discontinued operation	**389**	1,054	–	–	–
(Loss)/profit attributable to owners of the Company	**(195,228)**	(572,244)	(193,393)	90,562	73,379
ASSETS AND LIABILITIES					
Total assets	**3,039,121**	1,795,448	1,916,771	544,771	324,164
Total liabilities	**(1,480,327)**	(1,242,152)	(1,727,732)	(223,347)	(94,862)
Net assets	**1,558,794**	553,296	189,039	321,424	229,302
Equity attributable to owners of the Company	**948,818**	502,636	189,039	321,424	229,302