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

2019 INTERIM REPORT

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors
Mr. Dai Dong Xing *(Chairman)*
Mr. Zhang Sheng Hai

Non-executive Director
Mr. Chui Kwong Kau

Independent Non-executive Directors
Mr. Chan Chi Keung Billy
Mr. Wang Zhe
Mr. Xu Liang Wei

AUDIT COMMITTEE
Mr. Chan Chi Keung Billy *(Chairman)*
Mr. Wang Zhe
Mr. Xu Liang Wei

REMUNERATION COMMITTEE
Mr. Xu Liang Wei *(Chairman)*
Mr. Chan Chi Keung Billy
Mr. Wang Zhe

NOMINATION COMMITTEE
Mr. Dai Dong Xing *(Chairman)*
Mr. Chan Chi Keung Billy
Mr. Wang Zhe

COMPANY SECRETARY
Mr. Ng Kam Ming
(appointed on 1 August 2019)
Mr. Chong Yuk Fai
(resigned on 1 August 2019)

AUTHORISED REPRESENTATIVE
Mr. Dai Dong Xing
Mr. Ng Kam Ming
(appointed on 1 August 2019)
Mr. Chong Yuk Fai
(resigned on 1 August 2019)

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
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Shun Tak Centre West Tower
168–200 Connaught Road Central
Sheung Wan, Hong Kong

AUDITOR
BDO Limited *Certified Public Accountants*
Floor 25, Wing On Centre
111 Connaught Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Estera Trust (Cayman) Limited
PO Box 1350
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75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

PRINCIPAL BANKERS
Bank of China (Hong Kong) Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE
01246 (Main Board of The Stock Exchange of Hong Kong Limited)

WEBSITE
http://www.boillhealthcare.com.hk

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 September	
		2019	2018
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*6*	**65,149**	137,524
Cost of sales		**(67,316)**	(125,634)
Gross (loss)/profit		**(2,167)**	11,890
Other income and gains, net		**3,155**	8,804
Fair value gains on investment properties under construction		**43,910**	598
Fair value losses on equity instruments, net		**(464)**	(10,928)
Selling and distribution expenses		**(4,176)**	(6,595)
Administrative and other expenses		**(19,633)**	(49,099)
Share of loss from an associate		**(8,783)**	(3,762)
Finance costs	*7*	**(36,322)**	(40,509)
LOSS BEFORE TAX	*8*	**(24,480)**	(89,601)
Income tax expenses	*9*	**(24,712)**	(73)
LOSS FOR THE PERIOD		**(49,192)**	(89,674)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

	Note	Six months ended 30 September 2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences arising on translation to presentation currency		**(81,370)**	(121,609)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**(81,370)**	(121,609)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(130,562)**	(211,283)
LOSS FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		**(59,872)**	(79,132)
Non-controlling interests		**10,680**	(10,542)
		(49,192)	(89,674)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Company		**(126,802)**	(167,025)
Non-controlling interests		**(3,760)**	(44,258)
		(130,562)	(211,283)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*11*		
Basic and diluted:			
For loss for the period		**HK0.66 cent**	HK0.87 cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	At 30 September 2019 HK$'000 (Unaudited)	At 31 March 2019 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**338,800**	365,929
Investment properties under construction	*12*	**1,730,240**	1,769,918
Interest in an associate		**7,870**	22,223
Equity instruments at fair value through profit or loss		**72**	168
Prepayments, deposits and other receivables	*14*	**–**	74,838
Total non-current assets		**2,076,982**	2,233,076
CURRENT ASSETS			
Completed properties held for sale		**52,580**	115,524
Contract assets		**2,049**	3,930
Trade receivables	*13*	**2,554**	20,366
Prepayments, deposits and other receivables	*14*	**111,592**	119,873
Due from a related company	*20(d)*	**54,893**	–
Equity instruments at fair value through profit or loss		**5,768**	6,136
Tax recoverable		**1,549**	2,511
Restricted cash		**377**	8,632
Cash and cash equivalents		**28,625**	62,106
Total current assets		**259,987**	339,078
CURRENT LIABILITIES			
Trade payables	*15*	**6,330**	40,404
Contract liabilities		**19,636**	42,315
Other payables and accruals	*16*	**254,658**	220,040
Due to related companies	*20(a) to (c)*	**175,683**	159,206
Due to a director		**254**	270
Interest-bearing bank and other borrowings	*17*	**823,249**	805,501
Tax payables		**233**	10,122
Total current liabilities		**1,280,043**	1,277,858

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	Note	At 30 September 2019 HK$'000 (Unaudited)	At 31 March 2019 HK$'000 (Audited)
NET CURRENT LIABILITIES		**(1,020,056)**	(938,780)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,056,926**	1,294,296
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*17*	**–**	87,701
Provision for long service payments		**54**	376
Deferred tax liabilities		**10,505**	14,663
Total non-current liabilities		**10,559**	102,740
Net assets		**1,046,367**	1,191,556
EQUITY			
Equity attributable to owners of the Company			
Share capital	*18*	**226,850**	226,850
Reserves		**283,648**	410,450
		510,498	637,300
Non-controlling interests		**535,869**	554,256
Total equity		**1,046,367**	1,191,556

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Share capital (Unaudited) *HK$'000*	Share premium (Unaudited) *HK$'000*	Merger reserve (Unaudited) *HK$'000*	Exchange reserve (Unaudited) *HK$'000*	Other reserve (Unaudited) *HK$'000*	Accumulated losses (Unaudited) *HK$'000*	Sub-total (Unaudited) *HK$'000*	Non-controlling interests (Unaudited) *HK$'000*	Total equity (Unaudited) *HK$'000*
At 1 April 2018, As previously reported	226,850	1,350,993	10,000	94,611	26,517	(760,153)	948,818	609,976	1,558,794
Prior year adjustments *(Note 24)*	–	–	–	(1,386)	–	(34,922)	(36,308)	–	(36,308)
At 1 April, 2018 as restated	226,850	1,350,993	10,000	93,225	26,517	(795,075)	912,510	609,976	1,522,486
Loss for the period	–	–	–	–	–	(79,132)	(79,132)	(10,542)	(89,674)
Other comprehensive income for the period:									
Exchange differences arising on translation to presentation currency	–	–	–	(87,893)	–	–	(87,893)	(33,716)	(121,609)
Total comprehensive income for the period	–	–	–	(87,893)	–	(79,132)	(167,025)	(44,258)	(211,283)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	(5,880)	(5,880)
At 30 September 2018	226,850	1,350,993	10,000	5,332	26,517	(874,207)	745,485	559,838	1,305,323
At 1 April 2019	**226,850**	**1,350,993**	**10,000**	**18,129**	**26,517**	**(995,189)**	**637,300**	**554,256**	**1,191,556**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**(59,872)**	**(59,872)**	**10,680**	**(49,192)**
Other comprehensive income for the period:									
Exchange differences arising on translation to presentation currency	**–**	**–**	**–**	**(66,930)**	**–**	**–**	**(66,930)**	**(14,440)**	**(81,370)**
Total comprehensive income for the period	**–**	**–**	**–**	**(66,930)**	**–**	**(59,872)**	**(126,802)**	**(3,760)**	**(130,562)**
Dividend paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(14,627)**	**(14,627)**
At 30 September 2019	**226,850**	**1,350,993**	**10,000**	**(48,801)**	**26,517**	**(1,055,061)**	**510,498**	**535,869**	**1,046,367**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	**132,983**	154,691
Overseas taxes paid	**(22,011)**	(5,621)
Net cash flows from operating activities	**110,972**	149,070
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from loans receivables	**2,697**	–
Dividend received from listed investments	**–**	6
Proceeds from disposal of items of property, plant and equipment	**178**	3,031
Purchases of items of property, plant and equipment	**(6,146)**	(4,027)
Purchases of investment properties under construction	**(16,332)**	(22,616)
Net cash flows used in investing activities	**(19,603)**	(23,606)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid on bank and other loans	**(36,322)**	(43,682)
Repayment of bank and other loans	**(69,953)**	(10,805)
Advance from related companies	**293**	34,634
Dividend paid to non-controlling interests	**(14,627)**	(5,880)
Net cash flows used in financing activities	**(120,609)**	(25,733)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(29,240)**	99,731
Cash and cash equivalents at beginning of period	**62,106**	210,385
Effect of foreign exchange rate changes, net	**(4,241)**	(10,696)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**28,625**	299,420

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM 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 3704, 37/F, Shun Tak Centre West Tower, 168–200 Connaught Road Central, Sheung Wan, Hong Kong.

The principal activity of the Company is investment holding. The Company and its subsidiaries (the "**Group**") are principally engaged in the foundation piling, property development, investment securities and healthcare holiday resorts development and operation.

2. BASIS OF PRESENTATION

During the six months ended 30 September 2019, the Group has incurred a loss of HK$49,192,000 and at the end of reporting period, its current liabilities exceeded its current assets by HK$1,020,056,000. The Group is committed to repay certain borrowings in October 2019 and April 2020. The Group will be unable to repay these borrowings in full when they fall due unless it is able to obtain sufficient cash sources through refinancing arrangement from a related party and the substantial shareholder of the Company and the related party and the substantial shareholder can realise their cash to the Group in the required timescale. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

2. BASIS OF PRESENTATION *(Continued)*

In the opinion of the board of directors (the "**Directors**") of the Company, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future, based on the cash flow projections of the Group and after taking into account the following considerations:

(i) the Group has obtained a loan credit facility (the "**Facility**") from a related party and the substantial shareholder of the Company of RMB900,000,000 to finance the Group's working capital needs. The Facility is unsecured, interest bearing of 5% per annum and repayable within a period of twenty-four months from the drawdown date of the Facility;

(ii) the Group is able to fully recover all outstanding loans and interest receivables from four independent third parties on their maturity dates *(Note 14)*; and

(iii) pre-sales proceeds received from the Group's property development segment.

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

The unaudited condensed consolidated interim financial statements do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to operate as a going concern.

3. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all HKFRSs, HKASs and Interpretations) issued by the HKICPA, except for the adoption of the new or amended HKFRSs, as stated in note 4 of the unaudited condensed consolidated interim financial statements below.

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2019 have been prepared under the historical cost convention, except for investment properties under construction and certain of financial instruments measured at fair value through profit or loss, which have been measured at fair value. The unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

4. ACCOUNTING POLICIES

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

- HKFRS 16, Leases
- HK(IFRIC)-Int 23, Uncertainty over Income Tax Treatments
- Amendments to HKFRS 9, Prepayment Features and Negative Compensation
- Amendments to HKAS 19, Plan Amendment, Curtailment or Settlement
- Amendments to HKAS 28, Long-term Interests in Associates and Joint Ventures
- Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23 included in Annual Improvements to HKFRSs 2015–2017 Cycle

The impact of the adoption of HKFRS 16 Leases is summarised below. The other new or amended HKFRSs that are effective from 1 April 2019 did not have any significant impact on the Group's accounting policies.

(i) Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases ("**HKAS 17**"), 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. From a lessee's perspective, almost all leases are recognised in the statement of financial position as a right-of-use assets and a lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to section (ii) to (v) of this note.

4. ACCOUNTING POLICIES *(Continued)*

(i) Impact of the adoption of HKFRS 16 *(Continued)*

The Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of accumulated losses at the date of initial application. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

At 30 September 2019, the Group did not have any operating leases with lease terms over 1 year. Therefore, there is no significant impact to the condensed consolidated interim financial statements under HKFRS 16.

(ii) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate non-lease components and account for all each lease component and any associated non-lease components as a single lease component for all leases.

4. ACCOUNTING POLICIES *(Continued)*

(iii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets (the Group has leased mobile phones, laptop computers and photocopying machines) and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

4. ACCOUNTING POLICIES *(Continued)*

(iii) Accounting as a lessee *(Continued)*

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of an investment property, they are carried at fair value and for right-of-use asset that meets the definition of a leasehold land and buildings held for own use, they are carried at fair value.

For the Group, leasehold land and buildings that were held for rental or capital appreciation purpose would continue to be accounted for under HKAS 40 and would be carried at fair value. For leasehold land and buildings which is held for own use would continue to be accounted for under HKAS 16 and would be carried at fair value. The adoption of HKFRS 16 therefore does not have any significant impact on these right-of-use assets. Other than the above right-of-use assets, the Group also has leased a number of properties under tenancy agreements which the Group exercises it judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

4. ACCOUNTING POLICIES *(Continued)*

(iii) Accounting as a lessee *(Continued)*

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

4. ACCOUNTING POLICIES *(Continued)*

(iv) Accounting as a lessor

The Group has leased out its investment property to a number of tenants. As the accounting under HKFRS 16 for a lessor is substantially unchanged from the requirements under HKAS 17, the adoption of HKFRS 16 does not have significant impact on these condensed consolidated interim financial statements.

(v) Transition

As mentioned above, the Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of accumulated losses at the date of initial application (1 April 2019). There is no material impact to the condensed consolidated interim financial statements at the date of initial application. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 April 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 April 2019.

The Group has elected to recognise all the right-of-use assets at 1 April 2019 for leases previously classified operating leases under HKAS 17 as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. For all these right-of-use assets, the Group has applied HKAS 36 Impairment of Assets at 1 April 2019 to assess if there was any impairment as on that date.

4. ACCOUNTING POLICIES *(Continued)*

(v) Transition *(Continued)*

The Group has also applied the follow practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (1 April 2019) and accounted for those leases as short-term leases; (iii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 April 2019 and (iv) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int4.

5. USE OF JUDGEMENTS AND ESTIMATES

In preparing this condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2019 annual financial statements, except for new significant judgements related to the application of HKFRS 16 as described in note 4.

6. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions. The Group has four reportable segments. The segments are managed separately as each business offers different services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

1. Foundation piling: Contracts for foundation business

2. Property development: Sale of properties and provision of property management services

3. Investment securities: Trading and investment in securities

4. Healthcare holiday resorts development and operation: Provision of elderly home care, healthcare and leisure services

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

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

6. SEGMENT INFORMATION *(Continued)*

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.

Six months ended 30 September 2019

	Foundation piling *HK$'000* (Unaudited)	Property development *HK$'000* (Unaudited)	Investment securities *HK$'000* (Unaudited)	Healthcare holiday resorts development and operation *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Revenue from external customers	4,359	60,260	–	530	65,149
Segment results	1,586	(8,806)	(1,077)	30,494	22,197
Interest income					2,697
Corporate and other unallocated income and expenses, net					(4,269)
Share of loss from an associate					(8,783)
Finance costs					(36,322)
Loss before tax					(24,480)
Other segment information:					
Depreciation	(52)	(101)	(16)	(268)	(437)
Fair value losses on equity instruments at fair value through profit or loss	–	–	(464)	–	(464)
Fair value gains on investment properties under construction	–	–	–	43,910	43,910
Gain on disposal of items of property, plant and equipment	30	–	–	–	30

6. SEGMENT INFORMATION *(Continued)*

Six months ended 30 September 2018

	Foundation piling *HK$'000* (Unaudited)	Property development *HK$'000* (Unaudited)	Investment securities *HK$'000* (Unaudited)	Healthcare holiday resorts development and operation *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Revenue from external customers	34,813	102,711	–	–	137,524
Segment results	(15,973)	(3,572)	(10,935)	(12,155)	(42,635)
Interest income					3,445
Corporate and other unallocated income and expenses, net					(6,140)
Share of loss from an associate					(3,762)
Finance costs					(40,509)
Loss before tax					(89,601)
Other segment information:					
Dividend income from equity instruments at fair value through profit or loss	–	–	6	–	6
Depreciation	(8,075)	(159)	–	(121)	(8,355)
Fair value losses on equity instruments at fair value through profit or loss	–	–	(10,928)	–	(10,928)
Fair value gains on investment properties under construction	–	–	–	598	598
Gain on disposal of items of property, plant and equipment	1,252	–	–	–	1,252

6. SEGMENT INFORMATION *(Continued)*

As at 30 September 2019

	Foundation piling HK$'000 (Unaudited)	Property development HK$'000 (Unaudited)	Investment securities HK$'000 (Unaudited)	Healthcare holiday resorts development and operation HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Segment assets	10,247	109,586	7,775	2,113,346	2,240,954
Reconciliation:					
Interest in an associate					7,870
Due from a related company					54,893
Tax recoverable					1,549
Corporate and other unallocated assets					31,703
Total assets					2,336,969
Segment liabilities	106	35,205	2,610	187,854	225,775
Reconciliation:					
Due to related companies					175,683
Interest-bearing bank and other borrowings					823,249
Tax payables					233
Deferred tax liabilities					10,505
Corporate and other unallocated liabilities					55,157
Total liabilities					1,290,602

6. SEGMENT INFORMATION *(Continued)*

As at 31 March 2019

	Foundation piling *HK$'000* (Audited)	Property development *HK$'000* (Audited)	Investment securities *HK$'000* (Audited)	Healthcare holiday resorts development and operation *HK$'000* (Audited)	Total *HK$'000* (Audited)
Segment assets	32,330	283,407	11,451	2,174,224	2,501,412
Reconciliation:					
Interest in an associate					22,223
Tax recoverable					2,511
Corporate and other unallocated assets					46,008
Total assets					2,572,154
Segment liabilities	8,159	59,776	2,299	232,896	303,130
Reconciliation:					
Due to related companies					159,206
Interest-bearing bank and other borrowings					893,202
Tax payables					10,122
Deferred tax liabilities					14,663
Corporate and other unallocated liabilities					275
Total liabilities					1,380,598

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on bank and other loans	**41,096**	47,890
Interest on loan from a related company	**778**	1,220
Less: Imputed interest capitalised into construction in progress and investment properties under construction	**(5,552)**	(8,601)
	36,322	40,509

8. LOSS BEFORE TAX

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

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest income	**(2,697)**	(3,445)
Cost of properties sold	**59,962**	88,193
Depreciation	**437**	8,370
Dividend income from equity instruments at fair value through profit or loss	**–**	(6)
Foreign exchange differences, net	**5,807**	8,349
Gain on disposal of items of property, plant and equipment	**(30)**	(1,252)
Minimum lease payments for short-term leases	**1,119**	2,050
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	**8,772**	31,298
Pension scheme contributions	**869**	2,064
Less: Amount capitalised	**(1,120)**	(1,095)
	8,521	32,267

9. INCOME TAX EXPENSES

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 September 2018; and at 8.25% on the first HK$2,000,000 of the estimated assessable profits and at 16.5% for the portion of the estimated assessable profits above HK$2,000,000 for the six months ended 30 September 2019. There was no estimated assessable profits for the six months ended 30 September 2019 (2018: Nil).

The provision of The People's Republic of China (the "**PRC**") Land Appreciation Tax (the "**PRC LAT**") is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. PRC LAT has been provided, as appropriate, at ranges of progressive rates from 30% to 60% on the appreciation value with certain allowable deductions including land costs, borrowings costs and the relevant property development expenditure.

PRC Enterprise Income Tax is calculated at 25% (2018: 25%) of the estimated assessable profits for the six months ended 30 September 2019.

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Charged for the period:		
Current – PRC Enterprise Income Tax	**17,078**	6,965
Current – PRC LAT	**11,792**	2,121
Deferred tax for the period	**(4,158)**	(9,013)
Total tax expenses for the period	**24,712**	73

10. DIVIDENDS

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2019 (2018: Nil).

11. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculations of the basic and diluted loss per share are based on:

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company, used in the basic and diluted loss per share calculation	**59,872**	79,132

	Number of shares Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	**9,074,000,000**	9,074,000,000

The Group had no potentially dilutive ordinary shares in issue for the six months ended 30 September 2019 and 2018.

12. INVESTMENT PROPERTIES UNDER CONSTRUCTION

	30 September 2019 *HK$'000* (Unaudited)
Carrying amount at beginning of period	**1,769,918**
Additions	**22,478**
Gain from a fair value adjustment	**43,910**
Exchange realignment	**(106,066)**
Carrying amount at end of period	**1,730,240**

At 30 September 2019, the Group's investment properties under construction consist of commercial properties in the PRC and held under the lease term of 40 years, which were pledged to secure bank loan granted to the Group *(Note 17(a))*.

The Group's investment properties under construction were revalued on 30 September 2019 by Grant Sherman Appraisals Limited, an independent qualified valuer, at HK$1,730,240,000 (equivalent to RMB1,576,000,000) (as at 31 March 2019: HK$1,769,918,000 (equivalent to approximately RMB1,513,600,000)). Selection criteria to appoint an external valuer include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management had discussion with the external valuer on the valuation assumptions and valuation result when the valuation was performed.

13. TRADE RECEIVABLES

	30 September 2019	31 March 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**2,554**	20,366

Trade receivables represented receivables from construction contracts for foundation piling business. Trade receivables are past due when a counterparty has failed to make a payment when contractually due and their credit period granted to customers is generally for a period of one month or otherwise the payment terms of contract work are stipulated in the related contract. Trade 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:

	30 September 2019	31 March 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**1,221**	4,546
31 to 60 days	**–**	159
61 to 90 days	**1,333**	14,651
Over 90 days	**–**	1,010
	2,554	20,366

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 September 2019 *HK$'000* (Unaudited)	31 March 2019 *HK$'000* (Audited)
Deposits	**520**	805
Prepayments	**612**	3,970
Other receivables *(Note a)*	**110,460**	189,936
	111,592	194,711
Less: Prepayments deposits and other receivables expected to be recovered more than twelve months and classified as non-current assets *(Note b)*	**–**	(74,838)
	111,592	119,873

Notes:

(a) Loan and interest receivables to an independent third party of HK$31,651,000 (as at 31 March 2019: HK$30,278,000) at 10% per annum and repayable within 12 months from the drawdown date and three independent third parties of HK$74,760,000 (as at 31 March 2019: nil) at 4.75% per annum and repayable in April 2020 were included in other receivables. The Group does not hold any collateral or other credit enhancements over the loan receivables and have assessed the recoverability of the loan receivables with reference to the personal wealth and income sources of the borrowers.

Apart from the loan and interest receivables, a deposit of HK$70,161,000 was pledged for the other borrowing *(Note 17)* as at 31 March 2019.

(b) As at 31 March 2019, there were loans and interest receivables to three independent third parties of HK$74,838,000 at 4.75% per annum and repayable in April 2020 from the drawdown date. The Group does not hold any collateral or other credit enhancements over the loan receivables and has assessed the recoverability of the loan receivables with reference to the personal wealth and income sources of the borrowers.

15. TRADE PAYABLES

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

	30 September 2019 HK$'000 (Unaudited)	31 March 2019 HK$'000 (Audited)
Within 30 days	**1,007**	1,594
31 to 60 days	**–**	1,186
61 to 90 days	**230**	13,721
Over 90 days	**5,093**	23,903
	6,330	40,404

16. OTHER PAYABLES AND ACCRUALS

	30 September 2019 HK$'000 (Unaudited)	31 March 2019 HK$'000 (Audited)
Accruals	**3,472**	9,870
Deposits received	**46,887**	42,144
Other payables	**204,299**	168,026
	254,658	220,040

17. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 September 2019			31 March 2019		
	Effective interest rate *(%)* (Unaudited)	**Maturity (Unaudited)**	***HK$'000* (Unaudited)**	Effective interest rate *(%)* (Audited)	Maturity (Audited)	*HK$'000* (Audited)
Current						
Bank loan – secured *(Note a)*	**4.75**	**Apr 2020**	**247,020**	4.75	Oct 2019	175,401
Other loan – secured *(Note b)*	**12**	**Oct 2019**	**576,229**	12	Oct 2019	630,100
			823,249			805,501
Non-current						
Bank loan – secured *(Note a)*	**N/A**	**N/A**	**–**	4.75	Apr 2020	87,701
			823,249			893,202

Notes:

(a) As at 30 September 2019, the Group's bank loan was secured by the Group's construction in progress and investment properties under construction with total carrying value of HK$2,068,230,000 (as at 31 March 2019: HK$2,134,471,000); and personal guarantees given by each of Mr. Qiu Dong Fang ("**Mr. Qiu**"), a beneficial owner of a substantial shareholder of the Company 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.

(b) As at 30 September 2019, the Group's other loan was secured by pledged shares in an associate and certain subsidiaries held by the Company, and pledged deposit of nil (as at 31 March 2019: RMB60,000,000). The other loan is denominated in United States dollars.

18. SHARE CAPITAL

	30 September 2019 Number of shares (Unaudited)	30 September 2019 *HK$'000* (Unaudited)	31 March 2019 Number of shares (Audited)	31 March 2019 *HK$'000* (Audited)
Authorised: Ordinary shares of HK$0.025 each (31 March 2019: HK$0.025)	**16,000,000,000**	**400,000**	16,000,000,000	400,000
Issued and fully paid: Ordinary shares of HK$0.025 each (31 March 2019: HK$0.025)	**9,074,000,000**	**226,850**	9,074,000,000	226,850

19. CAPITAL COMMITMENTS

At 30 September 2019 and 31 March 2019, the Group had no capital commitments in respect of the development costs for property development business, and healthcare holiday resorts development and operation.

20. RELATED PARTY TRANSACTIONS

(a) At 30 September 2019, the amount included a loan advanced from Excellent Speed Limited ("**Excellent Speed**") of HK$23,998,000 (as at 31 March 2019: HK$38,140,000) and interest payables of HK$303,000 (as at 31 March 2019: HK$606,000). Excellent Speed is beneficially owned as to 50% by Dr. Wong Sai Chung, 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 30 September 2019 and 31 March 2019. The loan advanced from Excellent Speed is unsecured, bears interest at 5% per annum and repayable on demand.

During the period ended 30 September 2019, the finance costs charged to the Group for the amount due to Excellent Speed were HK$778,000 (2018: HK$1,220,000).

20. RELATED PARTY TRANSACTIONS *(Continued)*

(b) At 30 September 2019, the Group had outstanding balance of HK$150,723,000 (as at 31 March 2019: HK$120,056,000) due to 保集控股集團有限公司, which is controlled by Mr. Qiu. The balance is unsecured, interest-free and repayable on demand.

(c) At 30 September 2019, the Group had outstanding balance of HK$659,000 (as at 31 March 2019: HK$404,000) due to 上海錦臻盛國際貿易有限公司, which is controlled by Mr. Qiu. The balance is unsecured, interest-free and repayable on demand.

(d) At 30 September 2019, the Group had outstanding balance of HK$54,893,000 (as at 31 March 2019: nil) due from 金華市保瑞房地產開發有限公司, which is controlled by Mr. Qiu. The balance is unsecured, interest-free and repayable on demand.

(e) Compensation of key management personnel of the Group

	For the six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Short-term employee benefits	**648**	4,054

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

At 30 September 2019 and 31 March 2019, the investment in equity securities listed in Hong Kong was included in the Group's equity instruments at fair value through profit or loss.

Subsequent to initial recognition at fair value, investment in equity securities listed on the Stock Exchange is measured based on the quoted price (unadjusted) in active market (Level 1 fair value measurement). At 30 September 2019, HK$5,840,000 (as at 31 March 2019: HK$6,304,000) of equity instruments at fair value through profit or loss were measured at fair value on a recurring basis.

Fair value hierarchy had been defined in the Group's consolidated financial statements for the year ended 31 March 2019. The Group considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the unaudited condensed consolidated interim financial statements are approximate to their fair values. There was no transfer between Level 1 and 2 in the current and prior periods.

22. CONTINGENT LIABILITIES

At 30 September 2019, there were two outstanding cases for compensation and personal injuries claims, against the Group by the employee of the subcontractor and the employee of the Group. The claims were related to the employee of the subcontractor and the employee of the Group who alleged to have suffered from bodily injuries during their course of work and employment in the Group's construction sites. The claims are dealt with and handled by the insurers and are covered by mandatory insurance. The directors assessed the cases and believed that there would not be a material impact on the financial position of the Group. No provision has been made for the cases in the unaudited condensed consolidated interim financial statements.

23. EVENTS AFTER THE REPORTING PERIOD

After the reporting period ended 30 September 2019, there was no significant event affecting the Group required to be disclosed.

24. PRIOR YEAR ADJUSTMENTS

Recognition of income tax expense

In preparation of the condensed consolidated financial statements for the year ended 31 March 2019, the management has discovered errors in the Group's consolidated financial statements for the years ended 31 March 2017 and 2018. Such errors were related to the calculation of income tax expenses of a wholly-owned subsidiary of the Company, which engages in property development in the PRC.

The income tax expenses of the subsidiary were understated by HK$26,439,000 and HK$8,515,000 in the consolidated financial statements for the years ended 31 March 2018 and 2017 respectively as the provisions of the income tax expense were not estimated in accordance with the relevant rules and regulations related to Enterprise income tax in the PRC.

Also, the exchange gain arising on translation to the presentation currency of the Group was overstated by HK$1,354,000 for the year ended 31 March 2018.

Impact on the condensed consolidated statement of financial position as at 1 April 2018:

	As previously reported	**Prior year adjustments**	**As restated**
	HK$'000	*HK$'000*	*HK$'000*
Total equity	1,558,794	(36,308)	1,522,486

MANAGEMENT DISCUSSION AND ANALYSIS

The Board presents the unaudited condensed consolidated results of the Group for the six months ended 30 September 2019 to the valued shareholders of the Company. The Group's revenue for the six months ended 30 September 2019 was approximately HK$65.1 million (2018: approximately HK$137.5 million), representing a decrease of 52.7% over the previous reporting period. Net loss of approximately HK$49.2 million (2018: approximately HK$89.7 million) was incurred for the six months ended 30 September 2019, while the basic and diluted loss per share from operations was approximately HK0.66 cent (2018: approximately HK0.87 cent).

BUSINESS REVIEW

Foundation Piling

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 the keen competition in the foundation piling market, the revenue recognised for the six months ended 30 September 2019 was approximately HK$4.4 million (2018: approximately HK$34.8 million), representing a significant drop of 87.4% over the previous reporting period.

Facing the intense competition in the foundation piling market and the limited public projects available, the Group was undergoing hardship and this segment recorded loss continuously for the periods. The prospects of the foundation piling industry are not expected to improve in the short and medium term.

Property Development

The Group has been engaging in the property development business since November 2015 following the acquisition of Double Earn Holdings Limited, which through its subsidiaries, is principally engaged in the development and operation of the property project, which is located on the western shores of Nanhu Lake, Yueyang, Hunan Province of the PRC, which has been developed as high-end residential buildings with club houses and parking lots. The property project has (i) a planned site area of approximately 156,403 square meters and (ii) a construction gross floor area of approximately 105,032 square meters. In total, there were 226 villas with a total saleable area of approximately 87,449 square meters, 85 shops with a total area of approximately 7,367 square meters, 25 apartments with a total area of approximately 7,133 square meters completed for sale and 9 units with a total area of approximately 3,083 square meters have been renovated from club house to shops for sale.

The sales of properties were launched in 2017 and the Group recorded revenue of approximately HK$60.3 million for the six months ended 30 September 2019 (2018: approximately HK$102.7 million), representing a decline of 41.3% over the previous reporting period. Such decline was mainly attributable to the weakened demand of our potential home-buying customers due to deterioration of their overall financial condition brought by the uncertain global macro-economic environment.

The Group expects the remaining properties will be sold out by the end of the second half of the year 2019.

Healthcare Holiday Resorts Development and Operation

With the expanding economy and rising household income in the PRC, the demand for health preservation and healthcare services is experiencing a rapid increase; especially as the purchasing power and needs of the middle-aged and elderly people are growing at a faster pace.

Due to this reason, the Group's long-term strategies to explore into health preservation and healthcare services business by acquiring 68% equity interest of Anway Real Estate Limited and its subsidiaries (the "**Anway Group**") on 19 April 2017, through its wholly-owned subsidiaries in the PRC, owns, manages and operates the Fu Chun Sheshan project ("**Shanghai Project**") which is located at No.1 Sheyuan Road, Sheshan Town, Songjiang District, Shanghai of the PRC. Shanghai Project comprises a parcel of land with a total site area of approximately 150,602 square meters and a total gross floor area of approximately 79,457 square meters with ancillary facilities which are currently being constructed and will be developed as clubhouse, villas, apartments, and underground areas for providing health preservation, elderly care and healthcare services for customers in leasing model to derive rental and service fee income from the customers.

The development consists of 3 phases. The construction works of Phase 1 and Phase 2 have been completed, and the leasable units which are currently undergoing internal and external decoration are scheduled to be leased out in November 2019, while construction of Phase 3 is scheduled in September 2020.

Shanghai Project will be developed into a healthcare holiday resort. To sustain its growth, the Group will continue to put more effort to explore the market to capture the opportunity brought by the increasing market demand for health preservation and healthcare services.

The Group, through its wholly owned subsidiary Turbo Leader (Hong Kong) Limited, indirectly holds 44% equity interest of Tengchong Zongheng Volcanic Tourism Development Company Limited ("**Tengchong Project**") which would be accounted for under the equity method as an associate.

It consists of thirteen parcels of land located in Ma Zhan Town, Xinglong Village, Tengchong City, Yunnan Province of the PRC, with a total site area of approximately 463,931 square meters and total gross floor area of approximately 931,770 square meters for residential and commercial uses as whole. It is expected to generate revenue from the sale of holiday products comprising the holiday resorts and operations of hotel, commercial and cultural tourism facilities and other auxiliary items.

Tengchong Project is still under construction and therefore no revenue was generated during the six months ended 30 September 2019. The Group shared a loss from an associate of approximately HK$8.8 million for the six months ended 30 September 2019 (2018: approximately HK$3.8 million).

Investment Securities

As at 30 September 2019, the Group had equity instruments at fair value through profit or loss of approximately HK$5.8 million (as at 31 March 2019: approximately HK$6.3 million). All these investments were equity securities listed on the Stock Exchange.

The Group recorded a fair value losses on equity instruments of approximately HK$0.5 million for the six months ended 30 September 2019 (2018: approximately HK$10.9 million).

FINANCIAL REVIEW

Revenue

The Group's revenue for the six month ended 30 September 2019 was approximately HK$65.1 million, representing a decrease of approximately HK$72.4 million or 52.7%, compared to the revenue of approximately HK$137.5 million for the six month ended 30 September 2018.

The decrease was primarily due to fewer public projects of the foundation piling business following the serious delay in the approval of new infrastructure projects by the Legislative Council of Hong Kong and the Legislative Council Finance Committee. The revenue contributed by the foundation piling segment dropped from approximately HK$34.8 million for the six months ended 30 September 2018 to approximately HK$4.4 million for the six months ended 30 September 2019, representing a drop of approximately HK$30.4 million or 87.4%. Another reason for the decrease in revenue was mainly attributable to the weakened demand of our potential home-buying customers in the PRC due to deterioration of their overall financial condition brought by the uncertain global macro-economic environment. The revenue from the property development dropped from approximately HK$102.7 million for the six months end 30 September 2018 to approximately HK$60.3 million for the six months ended 30 September 2019, representing a drop of approximately HK$42.4 million or 41.3%.

Revenue has not yet generated from Anway Group, which was acquired on 19 April 2017 for the healthcare holiday resorts development and operation segment. The operation is expected to commence by the end of 2019.

Gross Profit/(Loss)

Gross loss for the six months ended 30 September 2019 was approximately HK$2.2 million, representing a deterioration of approximately HK$14.1 million from gross profit of approximately HK$11.9 million for the corresponding period last year. During the period under review, the property development business recorded a gross loss of HK$2.0 million (2018: gross profit of approximately HK$12.8 million).

Selling and Distribution Expenses

Selling and distribution expenses, which were mainly incurred in (i) the property development business and (ii) the healthcare holiday resorts development and operation of Shanghai Project, decreased from approximately HK$6.6 million for the six months ended 30 September 2018 to approximately HK$4.2 million for the six months ended 30 September 2019 because there was a decrease in revenue of property development.

Administrative Expenses

Administrative expenses for the six months ended 30 September 2019 was approximately HK$19.6 million, representing a substantial decrease of approximately HK$29.5 million for the corresponding period last year. The decrement was mainly due to the decrease in staff costs incurred since there was a decrease in sales volume of properties for the corresponding period last year.

Finance Costs

Finance costs for the six months ended 30 September 2019 was approximately HK$36.3 million, representing a decrease of approximately HK$4.2 million for the corresponding period last year. Such decrease was mainly due to the early repayment of other borrowings.

Net Loss

Net loss for the six months ended 30 September 2019 was approximately HK$49.2 million as compared to approximately HK$89.7 million for the corresponding period last year. The significant decrease in net loss was mainly due to (i) a net profit of approximately HK$1.6 million on the foundation piling business (2018: net loss of approximately HK$16.0 million); (ii) a decrease in fair value loss of approximately HK$0.5 million on equity instruments (2018: approximately HK$10.9 million); and (iii) a fair value gain of approximately HK$43.9 million on investment properties under construction (2018: approximately HK$0.6 million).

Use of Net Proceeds from the Share Offer

The net proceeds from the share offer of the Company in connection with its listing on 16 October 2013 was approximately HK$99.9 million and has been fully utilized 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 30 September 2019)
Acquisition of machineries and equipment	51.9	64.9	64.9
Hiring additional staff	12.0	15.0	15.0
Partial bank loan repayment	8.0	10.0	10.0
General working capital	8.0	10.0	10.0
Total	79.9	99.9	99.9

BUSINESS PROSPECTS

Foundation Piling

The foundation industry is still under difficult circumstances due to limited public projects available and intensive competition in the market. Due to the growing number of competitors listed on the Stock Exchange, profit margins have been adversely affected by increasing labour and operating costs and keen competition in the foundation market.

In view of the above circumstances, the Group continues to foresee that the business prospect of foundation business will be uncertain in the future.

Property Development and Healthcare Holiday Resorts Development and Operation

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

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

The Board understands that land acquisition strategy to acquire land reserve to secure future saleable resources for its future development and the brand building of the Group in the property market in the PRC being the key elements for success of the Group. The Group will consider to obtain premium land sites through tender, auction and listing in the open market through forming joint venture enterprises with other property developers. This is because joint venture enterprises enjoy advantages in land acquisitions, financing, marketing and pricing power.

Investment Securities

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

DEBTS AND CHARGE ON ASSETS

As at 30 September 2019, the interest-bearing borrowings of the Group consisted of loans from related companies of approximately HK$175.7 million (as at 31 March 2019: approximately HK$159.2 million) without guaranteeing or providing security.

As at 30 September 2019, the Group's bank loan of approximately HK$247.0 million (as at 31 March 2019: approximately HK$263.1 million) were secured by construction in progress and investment properties under construction of the Group with a total carrying value of approximately HK$2,068.2 million (as at 31 March 2019: approximately HK$2,134.5 million). The Group's other loan of approximately HK$576.2 million (as at 31 March 2019: approximately HK$630.1 million) was secured by equity interests of an associate and certain subsidiaries, and pledged deposit of nil (as at 31 March 2019: approximately RMB60.0 million).

All the interest-bearing borrowings were repayable within one year. Those borrowings bore interests at fixed rate ranging from 4.8% to 12% per annum (as at 31 March 2019: at fixed rate ranging from 4.8% to 12% per annum).

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2019, the Group had net current liabilities of approximately HK$1,020.1 million (as at 31 March 2019: approximately HK$938.8 million) and cash and bank deposits (excluding restricted cash) of approximately HK$28.6 million (as at 31 March 2019: approximately HK$62.1 million).

As at 30 September 2019, the gearing ratio of the Group (defined as total interest-bearing bank and other borrowings divided by the Group's total equity) was 78.7% (as at 31 March 2019: 75.0%).

The deterioration in the liquidity of the Group was mainly due to substantial loss incurred for six months ended 30 September 2019 and early repayment of other borrowings of approximately HK$53.9 million during period.

FOREIGN EXCHANGE RISK

Majorities of the Group's assets and cash flows were denominated in RMB, but major parts of the Group's interest-bearing borrowing were denominated in US dollars. During the six months ended 30 September 2019, the steady depreciation of RMB against US dollar or HK$ had negative effect from translation as the reporting currency of the Group was HK$. Apart from that, the management of the Group viewed that the change in exchange rate for RMB against foreign currencies did have significant impact on the Group's financial position and performance given that the functional currency of the Group was HK$. During the six months ended 30 September 2019, the Group did not engage in any hedging activities and the Group has no intention to carry out any hedging activities in near future. The management of the Group will continue to closely monitor the foreign currency market and consider carrying out hedging activities when necessary.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

The Group did not hold any significant investments or carry out any material acquisition nor disposal of any subsidiary or associated company during the six months ended 30 September 2019.

CAPITAL COMMITMENTS

As at 30 September 2019 and 31 March 2019, the Group had no capital commitments in respect of the development costs for property development business, and healthcare holiday resorts development and operation.

CONTINGENT LIABILITIES

There was no material change in the Group's contingent liabilities as compared to the Company's 2019 Annual Report. Please refer to note 22 to the unaudited condensed consolidated interim financial information for details of contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

After the reporting period ended 30 September 2019, there was no significant event affecting the Group required to be disclosed.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2019, the Group had 29 employees (as at 31 March 2019: 141 employees). Total employee costs for the six months ended 30 September 2019 amounted to approximately HK$9.6 million (2018: approximately HK$33.4 million).

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

OTHER INFORMATION

INTERIM DIVIDEND

The Board does not recommend an interim dividend for the six months ended 30 September 2019 (2018: Nil).

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2019.

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

As at 30 September 2019, none of the Directors, the chief executive of the Company nor their associates (as defined in the Listing Rules) had any other interests or short positions in the shares of the Company, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**") which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Directors or the chief executive of the Company is taken or deemed to have under such provisions of the SFO); or (b) were required to be entered into the register maintained by the Company, pursuant to Section 352 of the SFO; or (c) were required to be notified to the Company or the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 of the Listing Rules.

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

As at 30 September 2019, to the best knowledge of the Directors, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were discloseable to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

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

Notes:

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

(2) As at 30 September 2019, 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 30 September 2019, 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.

CORPORATE GOVERNANCE

Corporate Governance Code

The Company has complied with all the code provisions (the "**Code Provision(s)**") set out in the Corporate Governance Code (the "**CG Code**") as stated in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2019 except the following deviations:

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

SHARE OPTION SCHEME

The share option scheme (the "**Scheme**") was adopted on 22 September 2013. No share options were granted since the adoption of the Scheme and there were no share option outstanding as at 30 September 2019 and as at the date of this interim 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.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

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

The Company has made specific enquiry to all Directors, and all Directors confirmed that they have complied with the Model Code throughout the six months ended 30 September 2019.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

None of the Directors or their respective associates was interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the Group's business, as at the date of this report.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

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

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

The Audit Committee had reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2019 and this interim report. The Audit Committee had confirmed that this interim report complied with all the applicable rules and regulations, including but not limited to the applicable accounting standards and the Listing Rules and that adequate disclosures have been made.

OTHER INFORMATION (continued)

PUBLICATION OF UNAUDITED INTERIM REPORT

This interim report is published on the website of the Stock Exchange at www.hkexnews.hk and on the Company's website at www.boillhealthcare.com.hk.

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

Hong Kong, 20 December 2019

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