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Boill Healthcare Holdings Limited

保集健康控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1246)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2023

The board of directors (the “**Board**”, or the “**Director(s)**”) of Boill Healthcare Holdings Limited (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2023, together with the audited comparative figures for the previous corresponding year and the relevant explanatory notes, as set out below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000 (Restated)
CONTINUING OPERATIONS			
Revenue	5	348,271	1,004,596
Cost of sales		<u>(348,161)</u>	<u>(895,093)</u>
Gross profit		110	109,503
Other income and gains or (losses), net	6	1,027	(524)
Selling and distribution expenses		(7,747)	(14,634)
Administrative and other expenses	7	(22,309)	(32,439)
Impairment loss on properties under development and completed properties held for sales		(159,082)	–
Fair value gain on investment properties, net		6,516	3,357
Fair value gain/(loss) on equity instruments, net		319	(1,850)
Share of result from an associate		–	(17,721)
Finance costs	8	<u>(43,470)</u>	<u>(48,083)</u>
LOSS BEFORE TAX	9	(224,636)	(2,391)
Income tax expense	10	<u>(1,998)</u>	<u>(8,947)</u>

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(226,634)	(11,338)
DISCONTINUED OPERATION			
Loss for the period/year from discontinued operation	<i>11</i>	<u>(300,941)</u>	<u>(744,397)</u>
LOSS FOR THE YEAR		<u>(527,575)</u>	<u>(755,735)</u>
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss in the subsequent periods:			
Exchange differences arising on translation to presentation currency		(48,233)	41,564
Share of other comprehensive income of an associate		<u>—</u>	<u>(16)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		<u>(48,233)</u>	<u>41,548</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(575,808)</u>	<u>(714,187)</u>
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY:			
– Continuing operations		(223,615)	(11,608)
– Discontinued operation		<u>(204,640)</u>	<u>(506,190)</u>
		<u>(428,255)</u>	<u>(517,798)</u>
LOSS FOR THE YEAR ATTRIBUTABLE TO NON-CONTROLLING INTERESTS:			
– Continuing operations		(3,019)	270
– Discontinued operation		<u>(96,301)</u>	<u>(238,207)</u>
		<u>(99,320)</u>	<u>(237,937)</u>

	2023	2022
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
TOTAL COMPREHENSIVE INCOME		
ATTRIBUTABLE TO		
OWNERS OF THE COMPANY:		
– Continuing operations	(238,873)	30,080
– Discontinued operation	<u>(218,604)</u>	<u>(507,234)</u>
	<u>(457,477)</u>	<u>(477,154)</u>
TOTAL COMPREHENSIVE INCOME		
ATTRIBUTABLE TO		
NON-CONTROLLING INTERESTS:		
– Continuing operations	(3,597)	306
– Discontinued operation	<u>(114,734)</u>	<u>(237,339)</u>
	<u>(118,331)</u>	<u>(237,033)</u>
LOSS PER SHARE ATTRIBUTABLE TO		
OWNERS OF THE COMPANY		
– BASIC AND DILUTED		
– Continuing operations	<i>13</i> HK16.47 cents	HK0.86 cents
– Discontinued operation	<u>HK15.07 cents</u>	<u>HK37.27 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

		31 March	31 March
		2023	2022
	<i>Notes</i>	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		4,709	465,643
Investment properties	<i>14</i>	766,978	1,602,793
Right-of-use assets		573	572
		<hr/>	<hr/>
Total non-current assets		772,260	2,069,008
		<hr/>	<hr/>
CURRENT ASSETS			
Completed properties held for sale		49,479	62,978
Properties under development		831,919	1,122,003
Trade receivables	<i>15</i>	8,384	–
Contract costs		3,518	3,797
Contract assets	<i>17</i>	–	510
Prepayments, deposits and other receivables		670,364	142,103
Equity instruments at fair value through profit or loss		647	328
Due from a related company		29	31
Tax recoverable		1,208	776
Restricted cash		37,771	46,702
Cash and cash equivalents		40,638	46,516
		<hr/>	<hr/>
Total current assets		1,643,957	1,425,744
		<hr/>	<hr/>

		31 March	31 March
		2023	2022
	<i>Notes</i>	HK\$'000	HK\$'000
CURRENT LIABILITIES			
Trade payables	<i>16</i>	250,226	292,390
Contract liabilities	<i>17</i>	348,369	304,307
Other payables and accruals		205,919	304,322
Due to related companies		329,235	783,934
Due to a director		264	285
Borrowings	<i>18</i>	341,858	783,022
Lease liabilities		638	673
Tax payables		123,236	13,538
		<u>1,599,745</u>	<u>2,482,471</u>
Total current liabilities			
		<u>1,599,745</u>	<u>2,482,471</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>44,212</u>	<u>(1,056,727)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>816,472</u>	<u>1,012,281</u>
NON-CURRENT LIABILITIES			
Borrowings	<i>18</i>	805,258	757,984
Deferred tax liabilities		2,416	3,128
		<u>807,674</u>	<u>761,112</u>
Total non-current liabilities			
		<u>807,674</u>	<u>761,112</u>
NET ASSETS		<u>8,798</u>	<u>251,169</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	<i>19</i>	339,500	339,500
Reserves		(475,078)	(351,038)
		<u>(135,578)</u>	<u>(11,538)</u>
Non-controlling interests		144,376	262,707
		<u>144,376</u>	<u>262,707</u>
Total equity		<u>8,798</u>	<u>251,169</u>

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 Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is located at Unit 2101, 21/F, Wing On Centre, 111 Connaught Road, Central, Sheung Wan, Hong Kong.

2. GOING CONCERN BASIS

The consolidated financial statements have been prepared under historical cost basis, except for investment properties and financial instruments at fair value through profit or loss, which is measured at fair value.

During the year ended 31 March 2023, the Group incurred a loss from continuing operations of approximately HK\$226,634,000. Furthermore, as at 31 March 2023 the Group had current liabilities of HK\$1,599,745,000 including amounts due to related companies of approximately HK\$329,235,000 and bank and other borrowings of approximately HK\$341,858,000 that are repayable on demand or due for repayment within one year from 31 March 2023, while the Group only had cash and cash equivalents of approximately HK\$40,638,000. These may cast significant doubt on the Group’s ability to continue as a going concern.

In the opinion of the Directors, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due, based on the cash flow forecast of the Group covering a period up to 30 June 2024 after taking into account the following:

- (i) Subsequent to the end of the reporting period, the Group further received proceeds of RMB129,676,000 (equivalent to approximately HK\$148,090,000) from the disposal of the healthcare holiday resort in Shanghai according to the payment terms. The management expected that the remaining proceeds would also be received on time;
- (ii) In June 2021 a revised loan credit facility (the “**Facility**”), which was originally entered into in June 2019, with its controlling shareholder (a related party) and its beneficial owner regarding the provision of a loan facility amounting to RMB900,000,000, under which the beneficial owner undertakes to provide an additional source of fund for the purpose of enhancing his commitment to provide the credit under the Facility. The Facility is unsecured, bearing interest at the rate of 5% per annum and repayable within a period of twenty-four months from drawdown date. The Group has not made any drawdown from the Facility up to the date of approval for issue of these consolidated financial statements;
- (iii) The related companies to whom the Group owed HK\$298,733,000 as at 31 March 2023 undertook not to demand repayment until the Group is in position to repay it; and
- (iv) The Group continued to sell the completed properties held for sale and properties under development ready for pre-sale in order to boost the liquidity of the Group.

Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Nevertheless, the validity of the use of the going concern basis depends on the successful implementation of the above plans and measures that are subject to inherent uncertainty, particularly for the completion of the properties under development for pre-sale to generate adequate cash flow over the forecast period as mentioned in (iv) above. Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the value of assets to their net realisable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effect of these adjustments has not been reflected in these financial statements.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) Adoption of new or amended HKFRSs

In the current year, the Group has applied for the first time the following new or amended HKFRSs issued by Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) to the Group’s financial statements for the annual period beginning on or after 1 April 2022:

- Amendments to HKFRS 3 – Reference to the Conceptual Framework
- Amendments to HKAS 16, Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to HKAS 37 – Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to HKFRSs 2018-2020

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting year.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to HKAS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the “ 2020 Amendments ”) ^{2,4}
Amendments to HKAS 1	Non-current Liabilities with Covenants (the “ 2022 Amendments ”) ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2024.

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

⁴ As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion.

Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of Accounting Policies

The HKICPA amended HKAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is “material accounting policy information” and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed, if it is disclosed, it should not obscure material accounting information.

To support this amendment, the HKICPA also amended HKFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments to HKAS 8, Definition of Accounting Estimates

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

Amendments to HKAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occurs on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities; and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings/accumulated losses, or another component of equity, as appropriate.

HKAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

Amendments to HKFRS 16, Lease Liability in a Sale and Leaseback

The Amendments provide a requirement for the seller-lessee to determine “lease payments” or “revised lease payments” in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current

The amendments clarify the requirements on determining if a liability is current or non-current, in particular the determination over whether an entity has the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments:

- specify that an entity’s right to defer settlement must exist at the end of the reporting period;
- clarify that classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement;
- clarify how lending conditions affect classification; and
- clarify the classification of liabilities that will or may be settled by issuing an entity’s own equity instruments.

Amendments to HKAS 1, Non-current Liabilities with Covenants

The amendments clarify how to treat liabilities that are subject to covenants to be complied with, at a date subsequent to the reporting period. The Amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The Amendments clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability’s classification as current or non-current. The Amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application of the Amendments is permitted. The Amendments are not expected to have any significant impact on the Group’s financial statements.

Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors’ interests in the new associate or joint venture.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group’s accounting policies and financial statements.

4. OPERATING 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 reportable segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

Continuing operations:

- Property development: sales of properties, sales of construction materials and provision of property management services.

Foundation piling and securities investment segments are not considered to be of continuing significance and as reportable segment for the year ended 31 March 2023, and prior year was restated to conform to the current year's segment presentation. Those income, expenses, assets and liabilities information are grouped as "unallocated" for the purpose of consolidated financial statements disclosure.

Discontinued operation:

- Healthcare holiday resort development and operation: sale of properties, rental income, provision of elderly home care, healthcare and leisure services.

Healthcare holiday resort development and operation segment were classified as discontinued operation and the related information has been set out in note 11. The segment information set out below has been restated and does not include any amounts nor balances for the discontinued operation.

Management monitors the results of the Group's 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 profit/loss before tax except that 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.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those continuing operations and discontinued operation and the expenses incurred by those continuing operations and discontinuing operation or which otherwise arise from the depreciation of assets attributable to those continuing operations.

Segment assets exclude due from a related company, 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 due to related companies, borrowings, tax payables, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis. Foundation piling and securities investment segments are not considered to be of continuing significance and not separately disclosed for the year ended 31 March 2023, and prior year was restated to conform to the current year's segment presentation.

Year ended 31 March 2023

	<u>Continuing operations</u>	<u>Discontinued operation</u>	
	Property development <i>HK\$'000</i>	Healthcare holiday resort development and operation <i>(Note 11)</i> <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue			
Revenue from external customers	<u>348,271</u>	<u>7,161</u>	<u>355,432</u>
Segment results	(177,951)	(301,218)	(479,169)
Interest income			46
Finance costs			(43,470)
Corporate and other unallocated income and expenses, net*			<u>(3,261)</u>
Loss before tax			<u><u>(525,854)</u></u>

- * Corporate and other unallocated income and expenses mainly include Directors' remuneration, consultancy fee, legal and professional fee and fair value loss on equity instruments from securities investment.

	<u>Continuing operations</u>	<u>Discontinued operation</u>	
	Property development <i>HK\$'000</i>	Healthcare holiday resort development and operation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>1,800,818</u>	<u>600,222</u>	<u>2,401,040</u>
Reconciliation:			
Due from a related company			29
Tax recoverable			1,208
Corporate and other unallocated assets*			<u>13,940</u>
Total assets			<u><u>2,416,217</u></u>
Segment liabilities	694,611	52,718	747,329
Reconciliation:			
Due to related companies			329,235
Borrowings			1,147,116
Tax payables			123,236
Deferred tax liabilities			2,416
Corporate and other unallocated liabilities*			<u>58,087</u>
Total liabilities			<u><u>2,407,419</u></u>

* Corporate and other unallocated assets mainly include the equity instruments at fair value through profit and loss, cash and cash equivalents for corporate fund.

Corporate and other unallocated liabilities mainly include unallocated head office corporate liabilities and lease liabilities.

Year ended 31 March 2022 (Restated)

	<u>Continuing operations</u>	<u>Discontinued operation</u>	
	Property development <i>HK\$'000</i> (Restated)	Healthcare holiday resort development and operation <i>HK\$'000</i> (Restated)	Total <i>HK\$'000</i> (Restated)
Segment revenue			
Revenue from external customers	<u>1,004,596</u>	<u>11,566</u>	<u>1,016,162</u>
Segment results	91,828	(686,329)	(594,501)
Interest income			258
Share of result from an associate			(17,721)
Finance costs			(121,889)
Corporate and other unallocated income and expenses, net*			<u>(10,928)</u>
Loss before tax			<u><u>(744,781)</u></u>

- * Corporate and other unallocated income and expenses mainly include Directors' remuneration, consultancy fee, legal and professional fee and fair value loss on equity instruments from securities investment.

	Continuing operations	Discontinued operation	
	Property development <i>HK\$'000</i>	Healthcare holiday resort development and operation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	1,913,291	1,568,311	3,481,602
Reconciliation:			
Due from a related company			31
Tax recoverable			776
Corporate and other unallocated assets*			<u>12,343</u>
Total assets			<u><u>3,494,752</u></u>
Segment liabilities	665,783	213,090	878,873
Reconciliation:			
Due to related companies			783,934
Borrowings			1,541,006
Tax payables			13,538
Deferred tax liabilities			3,128
Corporate and other unallocated liabilities*			<u>23,104</u>
Total liabilities			<u><u>3,243,583</u></u>

* Corporate and other unallocated assets mainly include the equity instruments at fair value through profit and loss, cash and cash equivalents for corporate fund.

Corporate and other unallocated liabilities mainly include unallocated head office corporate liabilities and lease liabilities.

Geographical Information:

The revenue information is based on the location of customers. The non-current assets are based on the location of the assets.

	Revenue from external customers		Non-current assets	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Continuing operations				
Hong Kong	–	–	582	585
Mainland China	<u>348,271</u>	<u>1,004,596</u>	<u>771,678</u>	<u>577,670</u>
	<u>348,271</u>	<u>1,004,596</u>	<u>772,260</u>	<u>578,255</u>
Discontinued operation				
Mainland China	<u>7,161</u>	<u>11,566</u>	<u>–</u>	<u>1,490,753</u>

5. REVENUE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Continuing operations		
Revenue from contract with customer:		
Sales of properties	169,481	1,002,669
Sales of construction materials	178,637	–
Provision of properties management services	<u>–</u>	<u>1,762</u>
	348,118	1,004,431
Revenue from other source:		
Rental income from leasing properties with fixed payment	<u>153</u>	<u>165</u>
	<u>348,271</u>	<u>1,004,596</u>

6. OTHER INCOME AND GAINS OR (LOSSES), NET

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Continuing operations		
Interest income	46	254
Written-off of property, plant and equipment	–	(3)
Loss on disposal of a subsidiary	–	(1,413)
Government grants	96	–
Others	885	638
	<u>1,027</u>	<u>(524)</u>

7. ADMINISTRATIVE AND OTHER EXPENSES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Continuing operations		
Auditor's remuneration	1,500	1,600
Depreciation – property, plant and equipment	188	1,891
Depreciation – right-of-use assets	732	764
Directors' remuneration	2,183	1,100
Foreign exchange differences, net	2,439	8,358
Legal and professional fee	4,142	3,686
Management charges and administrative expenses	35	4,004
Office supplies	1,788	2,437
Other taxes	515	4
Rent and rates	107	262
Staff costs of administrative	7,518	7,182
Travelling and transportation expenses	1,002	1,108
Others	160	43
	<u>22,309</u>	<u>32,439</u>

8. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Continuing operations		
Interest on borrowings and contract liabilities	100,769	190,659
Interest on loan from a related company	1,200	1,200
Interest on lease liabilities	54	102
Less: Interest capitalised into investment properties under construction and properties under development	<u>(58,553)</u>	<u>(143,878)</u>
	<u>43,470</u>	<u>48,083</u>

9. LOSS BEFORE TAX

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Continuing operations		
Auditor's remuneration	1,500	1,600
Cost of properties sold	172,682	895,093
Cost of construction materials sold	175,479	–
Depreciation:		
Right-of-use assets		
– Other properties leased for own use	732	764
Property, plant and equipment		
– Land and buildings with ownership interest held for own use	62	1,182
– Other property, plant and equipment	<u>155</u>	<u>721</u>
	949	2,667
Foreign exchange differences, net	2,440	8,358
Expense relating to short-term leases	107	262
Employee benefit expenses (excluding directors' remuneration):		
– Wages, salaries and bonus	10,853	17,107
– Contribution to defined contribution plans	3,773	2,346
Less: Amount capitalised	<u>(4,235)</u>	<u>(5,225)</u>
	<u>10,391</u>	<u>14,228</u>

10. INCOME TAX EXPENSE

For the year ended 31 March 2023, Hong Kong Profits Tax of the selected entity of the Group was calculated at 8.25% (2022: 8.25%) of the first HK\$2,000,000 estimated assessable profits and 16.5% (2022: 16.5%) of the remaining estimated assessable profits. Hong Kong Profits Tax for the remaining entities within the Group was calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the year ended 31 March 2023. No provision for Hong Kong Profits Tax as the Group did not earn any assessable income subject to Hong Kong Profits Tax during the year ended 31 March 2023 and 2022.

Enterprise Income Tax (“**PRC EIT**”) arising from the PRC is calculated at 25% (2022: 25%) of the estimated assessable profits. The Group has no estimated assessable profit arising from the subsidiary operating in the PRC for the year ended 31 March 2023 (2022: HK\$16,933).

The provision of Land Appreciation Tax (“**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, borrowing costs and the relevant property development expenditure.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (restated)
Continuing operations		
Current tax – Hong Kong Profits Tax		
– Over-provision in respect of prior year	(127)	–
Current tax – PRC EIT		
– Tax for the year	–	16,933
– Over-provision in respect of prior year	–	(3,260)
Current tax – PRC LAT		
– Tax for the year	2,837	7,911
Deferred tax		
– Credit to profit or loss for the year	(712)	(12,637)
Income tax expense	<u>1,998</u>	<u>8,947</u>

11. DISCONTINUED OPERATION

For the year ended 31 March 2023, the Group disposed of all properties for healthcare holiday resort development and operation as discontinued operation and the results of the discontinued operation were presented separately in the consolidated statement of profit or loss and other comprehensive income. The comparative information relating to the discontinued operation has been re-presented to conform to the current year presentation.

On 25 November 2022, Shanghai Jinshenglong Land Company Limited (上海金盛隆置地有限公司) (“**Shanghai Jinshenglong**”) an indirect non-wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Sunshine Life Insurance Corporation Limited (the “**Purchaser**”), an independent third party, pursuant to which Shanghai Jinshenglong conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the healthcare holiday resort in Shanghai (the “**Property**”) at the consideration of RMB1,185,000,000 (equivalent to approximately HK\$1,356,519,000) in cash (the “**Disposal**”).

The results relating to the Property were presented below:

	11 months ended 28 February 2023 HK\$'000	12 months ended 31 March 2022 HK\$'000
Revenue	7,161	11,566
Cost of sales	(8,550)	(12,647)
Gross loss	(1,389)	(1,081)
Other income and gains or (losses), net	3,951	(967)
Selling and distribution expenses	(970)	(4,788)
Administrative and other expenses	(18,396)	(27,227)
Impairment loss on property, plant and equipment	(88,348)	(60,759)
Fair value loss on investment properties, net	(3,172)	(573,762)
Loss on disposal of properties	(150,113)	–
Finance costs	(42,781)	(73,806)
Loss before tax from the discontinued operation	(301,218)	(742,390)
Income tax credit/(expense)	277	(2,007)
Loss for the period/year from the discontinued operation	<u>(300,941)</u>	<u>(744,397)</u>

The details of loss on disposal of the properties are as follows:

	11 months ended 28 February 2023 HK\$'000
Total consideration	<u>1,356,519</u>
Carrying amount of investment properties sold	(975,405)
Carrying amount of property, plant and equipment sold	(324,610)
Settlement of PRC taxes arising from the Disposal	(195,190)
Settlement of professional expenses arising from the Disposal	(7,733)
Settlement of compensation to settled customers and unresolved customers	<u>(3,694)</u>
Net loss on disposal of properties	<u><u>(150,113)</u></u>

12. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2023, nor has any dividend been proposed since the end of the reporting period (2022: Nil).

13. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Calculation of the basic and diluted loss per share attributable to owners of the Company is based on:

	2023 HK\$'000	2022 HK\$'000
Loss for the year attributable to owners of the Company		
– Continuing operations	223,615	11,608
– Discontinued operation	<u>204,640</u>	<u>506,190</u>
	<u><u>428,255</u></u>	<u><u>517,798</u></u>

	Number of shares	
	2023 '000	2022 '000
Weighted average number of ordinary shares in issue during the year for the purpose of basic loss per share calculation	<u><u>1,358,000</u></u>	<u><u>1,358,000</u></u>

Diluted loss per share is the same as the basic loss per share because the Group had no dilutive potential ordinary shares outstanding during the years ended 31 March 2023 and 2022.

14. INVESTMENT PROPERTIES

	Completed	Under Construction	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2022	687,044	915,749	1,602,793
Transfer from properties under development	–	76,334	76,334
Additions	23,663	154,398	178,061
Disposals	(648,480)	(326,925)	(975,405)
Increase/(decrease) in fair value			
– Continuing operations	–	6,516	6,516
– Discontinued operation	6,902	(10,074)	(3,172)
Exchange realignment	(50,503)	(67,646)	(118,149)
At 31 March 2023	<u>18,626</u>	<u>748,352</u>	<u>766,978</u>

At 31 March 2023, the Group's investment properties with carrying amount of approximately HK\$748,352,000 (as at 31 March 2022: approximately HK\$1,582,690,000) were pledged to secure borrowings granted to the Group (Note 18).

The Group's investment properties are planned to be held under operating leases to earn rentals or for capital appreciation purposes.

15. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	<u>8,384</u>	<u>–</u>

Trade receivables represent receivables from sales of construction materials for property development business. Trade receivables are past due when a counterparty has failed to make a payment when contractually due and the credit period granted to customers is generally for a period of one month or otherwise the payment terms in the sales of construction materials 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current or within 1 month	<u>8,384</u>	<u>–</u>

16. TRADE PAYABLES

The trade payables are non-interest-bearing and are normally settled on 30-60 days terms.

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current or within 1 month	226,925	271,419
1 to 2 months	144	4
Over 2 to 3 months	136	13,489
Over 3 months	<u>23,021</u>	<u>7,478</u>
	<u>250,226</u>	<u>292,390</u>

17. CONTRACT ASSETS AND LIABILITIES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Contract assets arising from:		
Foundation piling	<u> -</u>	<u> 510</u>
Contract liabilities arising from:		
Sales of properties	<u> 348,369</u>	<u> 304,307</u>

The timing of revenue recognition, progress billings to customers and payments received from customers would affect the amount of trade receivables, contract assets and contract liabilities recognised as at the end of the reporting period.

Typical progress billings which impact on the amount of contract assets are as follows:

Foundation piling

Contract assets represent the Group's right to consideration for work completed but not yet billed to customers at the end of the reporting period.

An impairment analysis is performed at the end of the reporting period using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables appropriately grouped by similar loss pattern. The calculation reflects the probability weighted outcome, the time value of money, and reasonable and supportable information that is available at the end of the reporting period about past events, current conditions and forecast of future economic conditions.

Typical payment terms which impact on the amount of contract liabilities are as follows:

Sales of properties

Contract liabilities represent the receipts in advance from property sales. The Group normally receives certain percentage of the contract value as deposits from customers when they sign the sale and purchase agreement. Barring unforeseen circumstances, the Group expects to deliver the properties to satisfy the obligations of these contract liabilities within six months to two years.

Movements in contract liabilities are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Balance as at the beginning of the year	304,307	899,801
Decrease in contract liabilities as a result of recognising revenue during the year:		
– the amount was included in the contract liabilities at the beginning of the year	(148,764)	(920,765)
– the amount was included in the contract liabilities during the year	(20,415)	(80,667)
Increase in contract liabilities as a result of billing in advance, excluding those recognised as revenue in the current year	210,513	246,637
Increase in contract liabilities as a result of accruing interest expenses on advances	25,190	135,426
Exchange realignment	(22,462)	23,875
	<u>348,369</u>	<u>304,307</u>

18. BORROWINGS

	Effective interest rate (%)	2023		Effective interest rate (%)	2022	
		Maturity	<i>HK\$'000</i>		Maturity	<i>HK\$'000</i>
Current						
Other loans – secured	12.5-15	On demand, December 2023	341,858	12.5-15	On demand	783,022
Non-current						
Bank loans – secured	3.8-4.15	June 2024 – October 2031	805,258	4.1-4.15	June 2024 – October 2031	702,488
Other loan – secured	NA	NA	–	15	December 2023	55,496
			<u>805,258</u>			<u>757,984</u>
			<u>1,147,116</u>			<u>1,541,006</u>

The Group's borrowings as at the end of the reporting period were secured by:

- (i) investment properties with carrying value of approximately HK\$748,352,000 (2022: approximately HK\$1,582,690,000) (Note 14);
- (ii) leasehold land and buildings with carrying value of HK\$Nil (2022: approximately HK\$460,126,000);
- (iii) properties under development with carrying value of approximately HK\$486,655,000 (2022: approximately HK\$548,652,000);
- (iv) personal guarantee given by each of Mr. Qiu Dongfang (“**Mr. Qiu**”), a substantial shareholder and a director of the Company, and his spouse, Ms. Huang Jian, and corporate guarantees provided by the related companies controlled by Mr. Qiu;

- (v) share of an associate and interest in certain subsidiaries held by the Group; and
- (vi) pledge of 710,600,000 ordinary shares of the Company held by the related companies controlled by Mr. Qiu.

19. SHARE CAPITAL

	2023		2022	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised:				
Ordinary shares of HK\$0.25 each	<u>4,800,000,000</u>	<u>1,200,000</u>	<u>1,600,000,000</u>	<u>400,000</u>
Issued and fully paid:				
Ordinary shares of HK\$0.25 each	<u>1,358,000,000</u>	<u>339,500</u>	<u>1,358,000,000</u>	<u>339,500</u>

On 9 September 2022, an ordinary resolution was passed at the annual general meeting of the Company to approve the increase in authorised share capital of the Company from HK\$400,000,000 divided into 1,600,000,000 shares of HK\$0.25 each to HK\$1,200,000,000 divided into 4,800,000,000 shares of HK\$0.25 each by the creation of an additional 3,200,000,000 unissued shares of HK\$0.25 each.

MANAGEMENT DISCUSSION AND ANALYSIS

The Board presents the audited consolidated results of the Group for the year ended 31 March 2023 (“**FY2023**”) to the valued shareholders of the Company (the “**Shareholders**”). The Group’s revenue (including discontinued operation) for FY2023 was approximately HK\$355.4 million, representing a decrease of approximately 65.0% from approximately HK\$1,016.2 million for the year ended 31 March 2022 (“**FY2022**”). The revenue from the property development for FY2023 was approximately HK\$348.3 million (FY2022: approximately HK\$1,004.6 million).

The loss attributable to owners of the Company (including discontinued operation) for FY2023 was approximately HK\$428.3 million (FY2022: approximately HK\$517.8 million), while the basic and diluted loss per share attributable to owners of the Company was approximately HK31.54 cents (FY2022: HK38.13 cents).

BUSINESS REVIEW

Property development

Residential property project

The Group has expanded its property development business in October 2020 following completion of the acquisition of the entire equity interest of Set Flourish Ventures Limited, which through its subsidiaries, is principally engaged in the development and operation of a property project (the “**Yangzhong Project**”), which is situated at No. 1 Yihe Road, located at the east of Xinyang Road, south of Yihe Road, Sanmao Street, the central business district of Yangzhong City, Zhenjiang City, Jiangsu Province, the People’s Republic of China (the “**PRC**”). Under the Yangzhong Project, the Group plans to construct 12 buildings ranging from 6 to 34 storeys, with a total estimated gross floor area of approximately 173,457 square meters (exclusive of the basement with an aggregate gross area of approximately 31,065 square meters) for residential and commercial use, and 1,223 carparking spaces in basement one and basement two.

Last year, the Group recorded revenue from Yangzhong Project of approximately HK\$1,002.7 million from the sales of 671 apartments and 14 shops with an aggregate gross floor area of approximately 84,975 square meters and the accumulated sales of 797 apartments and 14 shops with an aggregate gross floor area of approximately 100,626 square meters. The Group recorded revenue from Yangzhong Project of approximately HK\$169.5 million from the sales of 159 apartments with an aggregate gross floor area of approximately 19,407 square meters for FY2023.

The decrease in revenue was mainly due to the slowdown in sales as a result of the adverse impact caused by the outbreak of COVID-19 pandemic (the “**Pandemic**”).

Integrated industrial zone project

On 12 May 2021, Shanghai Baoxian Industrial Co., Ltd. (a non-wholly owned subsidiary of the Company) (“**Shanghai Baoxian**”) has succeeded in the bids of the land use rights of a plot of land located at Plot 12A-01A, Industrial Comprehensive Development Zone, Fengxian District, the PRC, which is located at east to Shanghai-Hangzhou Highway, west to Renjie Road, south to Fengpu Avenue and north to Zhijiang Road (the “**Land**”) with a total site area of approximately 63,481 square meters through the listing-for-sale process held by Shanghai Land Transaction Center. Completion of the Land acquisition took place on 2 July 2021.

The Group intends to develop the Land into an innovative hub and integrated industrial zone (“**Boill e-Pharmaceutical Valley**”) for companies, researchers and individuals in the medical equipment, biomedical and medical beauty industry, and such integrated zone, with an area for commercial facilities, aims to attract customers for talent residence, catering and leisure, chinese medical and healthcare, cosmetics sales, fitness and sports, personal image consulting and other businesses. The Group plans to construct 30 buildings ranging from 1 to 18 storeys, with a total estimated gross floor area of approximately 160,090 square meters for education, scientific research and design use, and 739 carparking spaces in the basement.

The construction on the Land has commenced in September 2021 and is expected to be completed by April 2024. The Group recorded revenue of approximately HK\$178.6 million (FY2022: nil) from sales of construction materials for FY2023. The Board and the Group’s management will develop integrated industrial zones as a principal business of the Group.

FINANCIAL REVIEW

Continuing operations

Revenue

The revenue of the Group for FY2023 was approximately HK\$348.3 million, representing a decrease of approximately HK\$656.3 million or 65.3% as compared to the revenue of approximately HK\$1,004.6 million for FY2022.

The decrease in revenue was mainly due to the decrease in the delivery of properties under the Yangzhong Project during FY2023.

Gross profit

The gross profit of the Group for FY2023 was approximately HK\$0.1 million, representing a decrease of approximately HK\$109.4 million or 99.9% as compared to the gross profit of approximately HK\$109.5 million for FY2022.

The decrease in gross profit was mainly due to the decrease in the delivery of properties under the Yangzhong Project.

Other income and gains or (losses), net

The other income and gains, net of the Group for FY2023 were approximately HK\$1.0 million (FY2022: loss of approximately HK\$0.5 million), which mainly comprised the government subsidy, bank interest income and other miscellaneous income.

The change from losses, net to other income and gains, net was mainly due to the non-recurring loss on disposal of a subsidiary of approximately HK\$1.4 million for FY2022.

Selling and distribution expenses

The selling and distribution expenses of the Group decreased from approximately HK\$14.6 million for FY2022 to approximately HK\$7.7 million for FY2023. The decrease was mainly due to the decreased advertising costs and marketing staff costs following the declined sales in property development business.

Administrative and other expenses

The administrative and other expenses of the Group for FY2023 were approximately HK\$22.3 million, representing a decrease of approximately HK\$10.1 million from approximately HK\$32.4 million for FY2022. The decrease was mainly due to the decrease in management charges and administrative expenses as a result of the decrease in the sales and delivery of the properties in Yangzhong Project and decrease in the exchange loss of balances denominated in foreign currency.

Finance costs

The finance costs of the Group for FY2023 were approximately HK\$43.5 million, representing a decrease of approximately HK\$4.6 million from approximately HK\$48.1 million for FY2022. The decrease was due to the repayments of borrowings in FY2023.

Income tax expense

The income tax expense of the Group for FY2023 was approximately HK\$2.0 million representing a decrease of approximately HK\$6.9 million from approximately HK\$8.9 million for FY2022. Such decrease was mainly due to the decrease in the gross profit resulting in less tax expense being recognised.

Discontinued Operation

On 25 November 2022, Shanghai Jinshenglong Land Company Limited* (上海金盛隆置地有限公司) (“**Shanghai Jinshenglong**”), an indirect non-wholly owned subsidiary of the Company, entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”) with Sunshine Life Insurance Corporation Limited* (陽光人壽保險股份有限公司) (the “**Purchaser**”), an independent third party, pursuant to which Shanghai Jinshenglong conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the healthcare holiday resort in Shanghai (the “**Property**”) at the consideration of RMB1,185,000,000 in cash (the “**Disposal**”). On 19 December 2022, the Shareholders at an extraordinary general meeting of the Company passed the resolution to approve and confirm the Sale and Purchase Agreement and the transaction contemplated thereunder.

As at the date of this announcement, all conditions precedent set out in the Sale and Purchase Agreement have been fulfilled. Please refer to the announcements of the Company dated 25 November 2022 and 19 December 2022, and the circular of the Company dated 30 November 2022 for further details. Upon the transfer of the Property to the Purchaser on 28 February 2023, the healthcare resort development and operation business was classified as discontinued operation of the Group.

The Group recorded revenue from discontinued operation of approximately HK\$7.2 million for FY2023, representing a decrease of approximately HK\$4.4 million or 37.9% as compared to approximately HK\$11.6 million for FY2022.

Net loss

The net loss of the Group for FY2023 was approximately HK\$527.6 million, representing a decrease of approximately HK\$228.1 million from approximately HK\$755.7 million for FY2022.

The Group’s overall performance for the FY2023 was unsatisfactory as the Group recorded loss from discontinued operation and the Group recorded impairment loss on properties under development and completed properties held for sales of approximately HK\$159.1 million for FY2023 (FY2022: Nil) from Yangzhong Project, as a result of the adverse impact caused by the Pandemic and the sluggish industry environments.

BUSINESS PROSPECTS

Original property development model and industrial strategic upgrading and transformation

Following the outbreak of the Pandemic, economic development has been hampered by pandemic prevention and control measures. The prospects for global economic recovery are uncertain, which have a material impact on the financial results and development plan of industry enterprises including the Group. In terms of housing control policies, the central government of the PRC implemented strong measures to maintain the stability of property market, so as to regulate the short-term overheating of real estate investments, which in turn is conducive to achieving long-term control objectives of “housing is for living, not for speculation” and “stabilising land prices, housing prices and expectations”, and maintaining market expectations. As the central government of the PRC is gradually rolling out more measures to stabilise economic growth, housing control policies for the real estate industry have slowly relaxed. However, many property enterprises felt the pressures piling up from external financing and internal operating cash flow.

The management of the Group expects that the development model of the original industrial zone of the Group will face challenges in 2023. It is necessary to timely transform and upgrade the industrial development strategy, and implement the “two-wheel drive strategy” closely around the health industry, focusing on the investment, construction and professional operation services of biomedical and medical device industrial zones, as well as industrial investment in the biomedical and medical device industries around zones.

Strategically focusing on the investment, construction and professional operation services of biomedical and medical device industrial zones

In line with the vigorous development trend of domestic strategic emerging industries, and taking into account the advantages of industrial resources that the Company’s substantial shareholder, Boill Holding Group Co., Ltd. (“**Boill Holding**”), and its affiliated enterprises, have cultivated and accumulated over the years, the Group has established the strategic development direction for the development, construction and operation services in integrated industrial zones focusing on the biomedical and medical device industries since 2023.

In respect of the existing Boill e-Pharmaceutical Valley, the Group will focus on strengthening the refinement and high-quality service level and service capacity building of construction carriers and industrial supporting operation for target enterprise customers, and will integrate professional capabilities to provide one-stop integrated services from professional investment and post-investment empowerment to capital market exit, striving to build a biomedical and medical device specialized zone with leading comprehensive management and service levels in Shanghai.

In addition, the Group will seek opportunities to establish new integrated industrial zones for biomedical and medical device in the Yangtze River Delta region, strategically select areas that are relatively mature and concentrated in biomedical and medical device industries to implement new projects to replicate the successful experience of Boill e-Pharmaceutical Valley, and make every effort to promote the interaction of elements and resource collaboration among specialized industrial parks, so as to further enhance the Group's asset-light service capabilities in market positioning, product planning and design, investment attraction for zones, operation and value-added services, etc., and create greater economic and social value for enterprises in the zones and local governments.

Strategically focusing on industrial investment in the biomedical and medical device industries around zones

In line with the trend of sustained and vigorous development of the global and Chinese health industry, and to closely align with the Group's development strategy focusing on biomedical and medical device industrial zones, the Group has established the industrial investment strategy since 2023 that focuses on the advantageous resources of the biomedical and medical device industries to create an ecosystem of zones. Through direct investment in enterprises in the zone or investment and introduction, the Group not only serves the investment attraction and operation of the zone, but also promotes the development of enterprises in the zone. The Group compensates for the shortcomings and empowers value-added for enterprises in the zone, provides all services required for connecting to the capital market, and shares the development achievements.

The Group has established a professional investment and post-investment management team in the biomedical and medical device industries, and plans to cooperate with domestic and foreign biomedical and medical device professional investment funds to implement strategic investments for enterprises and target enterprises in the zone.

DEBTS AND CHARGE ON ASSETS

As at 31 March 2023, the interest-bearing borrowings of the Group consisted of a loan from a related company of approximately HK\$24.0 million (as at 31 March 2022: approximately HK\$24.0 million) and borrowings of approximately HK\$1,147.1 million (as at 31 March 2022: approximately HK\$1,541.0 million).

As at 31 March 2023, the Group's borrowings of approximately HK\$1,147.1 million (as at 31 March 2022: approximately HK\$1,541.0 million) were secured by (i) investment properties with carrying value of approximately HK\$748.4 million; (ii) properties under development with carrying value of approximately HK\$486.7 million; (iii) personal guarantee given by each of Mr. Qiu Dongfang ("**Mr. Qiu**"), a substantial shareholder and a director of the Company, and his spouse, Ms. Huang Jian ("**Ms. Huang**"), and corporate guarantees provided by the related companies controlled by Mr. Qiu; (iv) share of an associate and interest in certain subsidiaries held by the Group; and (v) pledge of 710,600,000 ordinary shares of the Company (the "**Shares**") held by the related companies controlled by Mr. Qiu.

As at 31 March 2023, the Group's interest-bearing borrowings of approximately HK\$365.9 million, (as at 31 March 2022: approximately HK\$807.0 million) were repayable within one year or on demand and bearing interests at fixed rate ranging from 5% to 15% per annum (as at 31 March 2022: at fixed rate ranging from 5% to 15% per annum). The remaining interest-bearing borrowings of the Group amounted to approximately HK\$805.3 million, which were repayable by June 2024 to October 2031 and bearing interest at fixed rate ranging from 3.8% to 4.15% per annum (as at 31 March 2022: at fixed rate ranging from 4.1% to 15% per annum).

Save as 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 as at 31 March 2023.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2023, the Group had net current assets of approximately HK\$44.2 million (as at 31 March 2022: net current liabilities of approximately HK\$1,056.7 million) and cash and bank deposits (excluding restricted bank deposits) of approximately HK\$40.6 million (as at 31 March 2022: approximately HK\$46.5 million).

As at 31 March 2023, the gearing ratio of the Group (defined as total interest-bearing borrowings divided by the Group's total equity) was 133.1 times (as at 31 March 2022: 623.1%).

The Directors are satisfied that the Group will have sufficient working capital for its present requirements, based on the cash flow forecast of the Group covering a period up to 30 June 2024 after taking into account the following:

- (i) Subsequent to the end of the reporting period, the Group further received proceeds of HK\$129,676,000 (equivalent to approximately HK\$148,090,000) from the disposal of the healthcare holiday resort in Shanghai according to the payment terms. The management expected that the remaining proceeds would also be received on time;
- (ii) In June 2021 a revised loan credit facility (the "**Facility**"), which was originally entered into in June 2019, with its controlling shareholder (a related party) and its beneficial owner regarding the provision of a loan facility amounting to RMB900,000,000, under which the beneficial owner undertakes to provide an additional source of fund for the purpose of enhancing his commitment to provide the credit under the Facility. The Facility is unsecured, bearing interest at the rate of 5% per annum and repayable within a period of twenty-four months from drawdown date. The Group has not made any drawdown from the Facility up to the date of approval for issue of these consolidated financial statements;
- (iii) The related companies to whom the Group owed HK\$298,733,000 as at 31 March 2023 undertook not to demand repayment until the Group is in position to repay it; and
- (iv) The Group continued to sell the completed properties held for sale and properties under development ready for pre-sale in order to boot the liquidity of the Group.

FOREIGN EXCHANGE RISK

The majority 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 dollar. During FY2023, the steady depreciation of RMB against US dollar or HK\$ had a negative effect on translation as the reporting currency of the Group was HK\$. Apart from that, the management of the Company viewed that the change in exchange rate of RMB against foreign currencies had significant impact on the Group's financial position and performance during FY2023 given that the functional currency of the Group was RMB. During FY2023, the Group did not engage in any hedging activities and the Group has no intention to carry out any hedging activities in the near future. The management of the Group will continue to closely monitor the foreign currency market and consider carrying out hedging activities when necessary.

CAPITAL COMMITMENTS

As at 31 March 2023 and 31 March 2022, the Group did not have any significant capital commitments.

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investments during FY2023.

MATERIAL ACQUISITIONS AND DISPOSALS

Save for the Disposal, there was no other material acquisitions or disposals of any subsidiaries, associates or joint ventures during FY2023.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at the date of this announcement, the Board had not authorised any plans for material investments or additions of capital assets.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 March 2023.

EMPLOYEE AND HUMAN RESOURCES POLICY

The Group had a total of 97 employees as at 31 March 2023, of which 90 employees worked in the PRC and 7 worked in Hong Kong. Total employee costs from continuing operations for FY2023 amounted to approximately HK\$16.8 million (FY2022: approximately HK\$20.6 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 the share option scheme adopted by the Company on 22 September 2013 ("**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 FY2023, no options were granted under the Share Option Scheme.

FINAL DIVIDEND

The Directors resolved not to recommend the payment of a final dividend for FY2023 (FY2022: Nil).

PRE-EMPTIVE RIGHTS

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

DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

Reference is made to the announcement of the Company dated 31 December 2021.

On 31 December 2021, Boill International Co. Limited ("**Boill International**") and Liyao Investment Limited ("**Liyao**"), pledged 450,600,000 and 260,000,000 Shares (collectively, the "**Pledged Shares**") in favour of China Huarong International Holdings Limited (the "**Lender**") as security for a facility provided by the Lender to the Company, as borrower, with an outstanding principal amount of USD39,500,000. The Pledged Shares represent approximately 52.33% of the issued Shares as at the date of this announcement.

Boill International is a company incorporated in Hong Kong and wholly-owned by Boill Holding, which in turn is held as to 97.64% and 2.36% by Mr. Qiu and Ms. Huang, respectively. Liyao is a company incorporated in the British Virgin Islands and wholly-owned by Mr. Qiu. Accordingly, Mr. Qiu is deemed to be interested in the 450,600,000 Shares held by Boill International and the 260,000,000 Shares held by Liyao. As at the date of this announcement, Mr. Qiu has an interest of approximately 52.33% in the total issued Shares.

EVENT AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, the Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2023 and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during FY2023.

CORPORATE GOVERNANCE CODE

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 in 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 that the Group complies with the statutory requirements and the Corporate Governance Code (“**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange (the “**Stock Exchange**”) and align with the latest developments. Throughout FY2023, the Company had complied with the applicable code provisions of the CG Code in force during the year, except for the deviation from code provision C.2.1 as explained below:

Code provision C.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. Qiu, an executive Director, currently acts as chairman of the Board and the Company does not have any offices with the title of “Chief Executive Officer”. Mr. Qiu, together with other executive Directors, are responsible for the overall business strategy and development and management of the Group's business. 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 review the board composition regularly and consider to appoint a chief executive officer if a suitable person is identified.

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 (“**Model Code**”) as set out in Appendix 10 to the Listing Rules. Having made specific enquiry by the Company, all the Directors have confirmed their compliance with the Model Code and the Company's code of conduct throughout FY2023.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Having made specific enquiry, all the Directors have confirmed that neither themselves nor any of their respective close associates (as defined in the Listing Rules) held any position or had interest in any business or companies that were or might be materially competing with the business of the Group or would give rise to any concern regarding conflict of interests during FY2023.

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 announcement.

AUDIT COMMITTEE

The audit committee of the Company ("**Audit Committee**") has reviewed the consolidated financial statements of the Group for FY2023 and has met with the auditor of the Company, BDO Limited ("**BDO**"). The consolidated financial statements have been agreed by BDO. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company, risk management and internal control systems with senior management members of the Company.

SCOPE OF WORK OF BDO LIMITED

The financial information has been reviewed by the Audit Committee and approved by the Board. The figures in respect of the Group's audited consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for FY2023 as set out in this announcement have been agreed by BDO, to the amounts set out in the Group's audited consolidated financial statements for FY2023. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO on this preliminary results announcement.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

BDO Limited was engaged to audit the consolidated financial statements of the Group. The section below sets out an extract of independent auditor's report regarding the consolidated financial statements of the Group for the year ended 31 March 2023:

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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 3(b) in the consolidated financial statements, which indicates that the Group incurred a loss from continuing operations of approximately HK\$226,634,000 during the year ended 31 March 2023. These conditions, along with other matters set forth in note 3(b), indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year ended 31 March 2023 (the “**AGM**”) is proposed to be held on Wednesday, 27 September 2023. A notice convening the AGM will be published and despatched in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement of Shareholders to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from 21 September 2023 to 27 September 2023, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the forthcoming AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on 20 September 2023.

PUBLICATION OF THE ANNOUNCEMENT ON DESIGNATED WEBSITES

This annual results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.boillhealthcare.com.hk>). The annual report of the Company for FY2023 will be despatched to the Shareholders and published on the same websites in due course.

By order of the Board
Boill Healthcare Holdings Limited
Qiu Dongfang
Executive Director and Chairman

Hong Kong, 28 June 2023

As at the date of this announcement, the Board comprises (i) three executive Directors, namely Mr. Qiu Dongfang, Mr. Zhang Sheng Hai and Ms. Yu Yixing; (ii) two non-executive Directors, namely Mr. Chui Kwong Kau and Mr. Qiu Bin; and (iii) three independent non-executive Directors, namely Mr. Chan Chi Keung, Billy, Mr. Wang Zhe and Mr. Yi Baxian.

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

* *The English name of the Chinese entity is translation of its Chinese name and is included herein for identification purpose only.*