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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 2024

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 2024, 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 2024

	<i>Notes</i>	2024 HK\$’000	2023 HK\$’000
CONTINUING OPERATIONS			
Revenue	5	285,204	348,271
Cost of sales		(273,549)	(348,161)
Gross profit		11,655	110
Other income and gains/(losses), net	6	4,269	(1,413)
Selling and distribution expenses		(6,971)	(7,747)
Administrative and other expenses		(40,571)	(19,869)
Provision for loss on net realisable values of completed properties held for sales		(35,478)	(53,598)
Provision for loss on net realisable values of properties under development		(1,135)	(105,484)
Fair value (loss)/gain on investment properties, net		(18,804)	6,516
Fair value (loss)/gain on equity instruments, net		(36)	319
Impairment loss on property, plant and equipment		(3,818)	–
Expected credit losses for financial guarantee contracts		(180,599)	–
Gain on disposal of subsidiaries, net		17,755	–
Finance costs	7	(21,769)	(43,470)

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
LOSS BEFORE TAX	8	(275,502)	(224,636)
Income tax expense	9	<u>(7,625)</u>	<u>(1,998)</u>
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		<u>(283,127)</u>	<u>(226,634)</u>
DISCONTINUED OPERATION			
Loss for the year from discontinued operation	10	<u>–</u>	<u>(300,941)</u>
LOSS FOR THE YEAR		<u>(283,127)</u>	<u>(527,575)</u>
OTHER COMPREHENSIVE LOSS			
Items that may be reclassified to profit or loss in the subsequent periods:			
Exchange differences arising on translation to presentation currency		(16,829)	(48,233)
Release of exchange reserve upon disposals of subsidiaries		<u>(51,815)</u>	<u>–</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		<u>(68,644)</u>	<u>(48,233)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u><u>(351,771)</u></u>	<u><u>(575,808)</u></u>
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY:			
– Continuing operations		(118,640)	(223,615)
– Discontinued operation		<u>–</u>	<u>(204,640)</u>
		<u>(118,640)</u>	<u>(428,255)</u>
LOSS FOR THE YEAR ATTRIBUTABLE TO NON-CONTROLLING INTERESTS:			
– Continuing operations		(164,487)	(3,019)
– Discontinued operation		<u>–</u>	<u>(96,301)</u>
		<u>(164,487)</u>	<u>(99,320)</u>

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
TOTAL COMPREHENSIVE LOSS			
ATTRIBUTABLE TO OWNERS OF THE COMPANY:			
– Continuing operations		(197,262)	(238,873)
– Discontinued operation		<u>–</u>	<u>(218,604)</u>
		<u>(197,262)</u>	<u>(457,477)</u>
TOTAL COMPREHENSIVE LOSS			
ATTRIBUTABLE TO NON-CONTROLLING INTERESTS:			
– Continuing operations		(154,509)	(3,597)
– Discontinued operation		<u>–</u>	<u>(114,734)</u>
		<u>(154,509)</u>	<u>(118,331)</u>
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
– BASIC AND DILUTED			
– Continuing operations	12	HK(8.74) cents	HK(16.47) cents
– Discontinued operation		<u>N/A</u>	<u>HK(15.07) cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		17	4,709
Investment properties	13	723,845	766,978
Right-of-use assets		–	573
Total non-current assets		<u>723,862</u>	<u>772,260</u>
CURRENT ASSETS			
Completed properties held for sale		64,914	49,479
Properties under development		473,312	831,919
Trade receivables	14	54	8,384
Contract costs		–	3,518
Prepayments, deposits and other receivables		20,809	670,364
Equity instruments at fair value through profit or loss		611	647
Due from related companies		1,111	29
Due from a director		39	–
Tax recoverable		–	1,208
Restricted cash		14,986	37,771
Cash and cash equivalents		<u>469</u>	<u>40,638</u>
Total current assets		<u>576,305</u>	<u>1,643,957</u>
CURRENT LIABILITIES			
Trade payables	15	239,088	250,226
Contract liabilities	16	69,961	348,369
Other payables and accruals		79,754	205,919
Financial guarantee liabilities		178,883	–
Due to related companies		218,870	329,235
Due to a director		–	264
Borrowings		842,175	341,858
Lease liabilities		–	638
Tax payables		<u>3,673</u>	<u>123,236</u>
Total current liabilities		<u>1,632,404</u>	<u>1,599,745</u>

	2024	2023
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net current (liabilities)/assets	<u>(1,056,099)</u>	<u>44,212</u>
Total assets less current liabilities	<u>(332,237)</u>	<u>816,472</u>
Non-current liabilities		
Borrowings	–	805,258
Deferred tax liabilities	<u>666</u>	<u>2,416</u>
Total non-current liabilities	<u>666</u>	<u>807,674</u>
Net (liabilities)/assets	<u><u>(332,903)</u></u>	<u><u>8,798</u></u>
Equity		
Equity attributable to owners of the Company		
Share capital	<i>17</i> 339,500	339,500
Reserves	<u>(672,340)</u>	<u>(475,078)</u>
	(332,840)	(135,578)
Non-controlling interests	<u>(63)</u>	<u>144,376</u>
Total (deficit)/equity	<u><u>(332,903)</u></u>	<u><u>8,798</u></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.

At 31 March 2024, to the Company’s best knowledge, Boill International Co., Limited (“**Boill International**”) is the Company’s largest shareholder, and owned approximately 33.18% of the issued shares of the Company. Boill International is wholly-owned by Boill Holding Group Co., Limited* (保集控股集團有限公司) (“**Boill Holding**”). Liyao Investment Limited (“**Liyao Investment**”) and Mr. Cai Weijie owned approximately 19.15% and 6.13% of the issued shares of the Company, respectively.

2. GOING CONCERN BASIS

As at 31 March 2024, the Group’s current liabilities exceeded its current assets and its total liabilities exceeded its total assets by approximately HK\$1,056,099,000 and HK\$332,903,000, respectively.

As at that date, the Group’s bank and other borrowings amounted to approximately HK\$842,175,000 and included approximately HK\$778,560,000 of bank borrowings which, were repayable on demand as the Group could not fulfil certain bank covenants and the amount of approximately HK\$757,424,000 was reclassified from non-current liabilities to current liabilities. The remaining balances of the Group’s bank and other borrowings are repayable on demand or due for repayment within one year from 31 March 2024. Group only had cash and cash equivalents of HK\$469,000 as at 31 March 2024.

The Group has recognised an expected credit loss of approximately RMB41.5 million (equivalent to HK\$45.6 million) for the financial guarantee provided by certain guarantors and Shanghai Baoxian Company Limited* (上海保賢實業有限公司) (“**Shanghai Baoxian**”), a non-wholly subsidiary of the Company by way of corporate guarantee for loans of a related company, Shanghai Guzhen Company Limited* (上海顧臻實業有限公司) (“**Shanghai Guzhen**”), controlled by Boill Holding (collectively, “**Guarantors**”), up to the maximum amount of the corporate guarantee of RMB55.5 million (equivalent to HK\$60.2 million). During the year, Shanghai Guzhen has failed to repay the outstanding borrowing of RMB37.0 million (equivalent to HK\$40.1 million). On 19 February 2024, the People’s Court of Fengxian District, Shanghai City (上海市奉賢區人民法院) (the “**Court**”) handed down a judgment that the Shanghai Guzhen should repay all outstanding loan amount and unpaid interests within 10 days after the judgment becoming effective, and the Guarantors should be jointly liable. As such, upon Shanghai Guzhen’s further default of the judgment requirements, the lender applied for property preservation to the Court. As a result, the Group has received documents of legal proceedings claiming the amount of approximately RMB41.5 million (equivalent to HK\$45.0 million) (“**Claim Amount**”). Consequently, the bank balances of the Group of approximately HK\$14.9 million have been frozen.

* For identification purpose only.

The Group has recognised an expected credit loss of approximately RMB123.5 million (equivalent to HK\$135.1 million) relating to loan facilities granted by a non-controlling interest (“NCI”) of the Group to Shanghai Baoxian. As at 31 March 2024, the Group has utilized the loan facilities of RMB45.0 million (equivalent to HK\$48.8 million) (“NCI Loan A”) of the loan facilities and recorded in the borrowings in the consolidated statement of financial position. Shanghai Baoxian has failed to repay the NCI Loan A. Per management understanding, Boill Holding also borrowed RMB135.0 million (equivalent to HK\$146.3 million) from the NCI (“NCI Loan B”), and Boill Holding has failed to repay the NCI Loan B during the year. The NCI has initiated legal action against the Group (the “Dispute”) to claim the NCI Loan A and NCI Loan B.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

In order to ensure the Group’s ability to operate as a going concern, the Directors have implemented measures to deal with the conditions referred to above, as follows:

- (i) actively negotiating with investor/banks to obtain additional new financing and other source of funding as and when required;
- (ii) Actively negotiating with banks for the renewal of terms of the bank loan agreements, the waiver of the repayable on demand clause and breach of the undertaking and restrictive covenant requirements of certain bank borrowings;
- (iii) The related companies to whom the Group owed approximately HK\$206.0 million as at 31 March 2024 undertook not to demand repayment until the Group is in position to repay it without impairment of the Group’s financial position;
- (iv) The Group would continue its efforts to sell the completed properties held for sale and properties under development ready for pre-sale as scheduled in order to boost the liquidity of the Group;
- (v) the directors of the Company will continue to implement stronger measures aiming at improving the working capital and cash flows of the Group, including closely monitoring incurrence of other operating expenses;
- (vi) on 28 June 2024, Boill International and Liyao Investment have made a legal binding undertaking to undertake the Claim Amount and any additional claim from the plaintiff in the event of litigation failure. And the Group has the rights to offset the Claim Amount by amount due to related companies controlled by Boill International and Liyao Investment; and
- (vii) In the opinion of the Directors, the NCI Loan B was not borrowed by the Group, the Group is not obligated to settle the loan and will counter the Dispute. Moreover, on 28 June 2024, Boill International and Liyao Investment have made a legal binding undertaking to undertake the NCI Loan B and additional claim from the plaintiff in the event of litigation failure. And the Group has the rights to offset the NCI Loan B by amount due to related companies of the Group.

Taking into account the Group’s cash flow projections covering a period of fifteen months from the end of the reporting period prepared by management, and assuming the successful implementation of the above measures, the Directors consider the Group would be able to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period. Accordingly, the consolidated financial statements have been prepared on a going concern basis notwithstanding that the above events or conditions indicate the existence of material uncertainties that may cast significant doubt about the Group’s ability to continue as a going concern.

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

(a) Adoption of new/revised HKFRSs – effective on 1 April 2023

In the current year, the Group has applied for the first time the following new or amended HKFRSs issued by the HKICPA to the Group’s financial statements for the annual period beginning on or after 1 April 2023:

- HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17), Insurance Contracts
- Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of Accounting Policies
- Amendments to HKAS 8, Definition of Accounting Estimates
- Amendments to HKAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to HKAS 12, International Tax Reform – Pillar Two Model Rules

Except as described below, 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.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information. HKFRS Practice Statement 2 Making Materiality Judgements (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's major accounting policies set out in this Note below.

(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 HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ³
Amendments to HKAS 21	Lack of Exchangeability ³

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

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2025.

The directors anticipate that application those new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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 two reportable segments of the Group in the year ended 31 March 2023:

Continuing operations:

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

Discontinued operation:

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

In the year ended 31 March 2023, the operations of the Healthcare holiday resort development and operation segment were classified as discontinued operation and the related information has been set out in note 10(a).

After the disposal of the Healthcare holiday resort development and operation business and for the year ended 31 March 2024, the Group's operating activities are attributable to a single reportable and operating segment focusing primarily on the provision of property development. Other than the entity-wide disclosure, geographical information and major customers, no segment analysis is presented.

For the year ended 31 March 2023, management monitored the results of the Group's segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance was evaluated based on reportable segment profit/loss, which was a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax was 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 were excluded from such measurement.

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		Non-current assets	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Hong Kong	–	–	–	582
Mainland China	<u>285,204</u>	<u>348,271</u>	<u>723,862</u>	<u>771,678</u>
	<u>285,204</u>	<u>348,271</u>	<u>723,862</u>	<u>772,260</u>

Information About Major Customers

During the year ended 31 March 2024 and 2023, the largest customer constitutes less than 10% of the Group's total revenue from continuing operations.

Disaggregation of revenue

Continuing operations

Revenue from contracts with customers	Property development	
	2024	2023
	HK\$'000	HK\$'000
Timing of revenue recognition under HKFRS 15		
– At a point in time	<u>285,005</u>	<u>348,118</u>

5. REVENUE

Revenue represents gross proceeds, net of business tax, from the sale of properties and sales of construction materials during the year.

An analysis of revenue is as follows:

	2024	2023
	HK\$'000	HK\$'000
Continuing operations		
Revenue from contract with customer:		
Sales of properties	285,005	169,481
Sales of construction materials	<u>–</u>	<u>178,637</u>
	<u>285,005</u>	<u>348,118</u>
Revenue from other source:		
Rental income from leasing properties with fixed payment	<u>199</u>	<u>153</u>
	<u>285,204</u>	<u>348,271</u>

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

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Continuing operations		
Foreign exchange differences, net	4,470	(2,440)
Interest income	39	46
Government grants	–	96
Others	(240)	885
	<u>4,269</u>	<u>(1,413)</u>

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Continuing operations		
Interest on borrowing and contract liabilities	35,781	100,769
Interest on loan from a related company	957	1,200
Interest on lease liabilities	26	54
Less: Interest capitalised into investment properties under construction and properties under development	(14,995)	(58,553)
	<u>21,769</u>	<u>43,470</u>

8. LOSS BEFORE TAX

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Continuing operations		
Auditor's remuneration	1,180	1,500
Cost of properties sold	273,549	172,682
Cost of construction materials sold	–	175,479
Depreciation:		
Right of use assets		
– Other properties leased for own use	573	732
Properties, plant and equipment		
– Land and buildings with ownership interest held for own use	64	62
– Other property, plant and equipment	159	155
	796	949
Foreign exchange differences, net	(4,470)	2,440
Expense relating to short-term leases	364	107
Employee benefit expenses (excluding directors' remuneration):		
– Wages, salaries and bonus	12,553	10,853
– Contribution to defined contribution plans	2,265	3,773
Less: Amount capitalised	(2,235)	(4,235)
	<u>12,583</u>	<u>10,391</u>

9. INCOME TAX EXPENSE

For the year ended 31 March 2024, Hong Kong Profits Tax of the selected entity of the Group was calculated at 8.25% (2023: 8.25%) of the first HK\$2,000,000 estimated assessable profits and 16.5% (2023: 16.5%) of the remaining estimated assessable profits. Hong Kong Profits Tax for the remaining entities within the Group was calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the year ended 31 March 2024. 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 2024 and 2023.

Enterprise Income Tax (“**PRC EIT**”) arising from the PRC is calculated at 25% (2023: 25%) of the estimated assessable profits during the year ended 31 March 2024. The Group has no estimated assessable profit arising from the subsidiary operating in the PRC for the year ended 31 March 2023.

The provision of 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.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Continuing operations		
Current tax – Hong Kong Profits Tax		
– Over-provision in respect of prior year	–	(127)
Current tax – PRC EIT		
– Tax for the year	8,417	–
Current tax – PRC LAT		
– Tax for the year	849	2,837
Deferred tax		
– Credit to profit or loss for the year	<u>(1,641)</u>	<u>(712)</u>
Income tax expense	<u><u>7,625</u></u>	<u><u>1,998</u></u>

10. DISCONTINUED OPERATION/DISPOSAL OF SUBSIDIARIES

(a) 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 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**”).

Upon completion of the Disposal, the Group has disposed of all properties for healthcare holiday resort development and operation, which became discontinued operation of the Group and the results of the discontinued operation were presented separately in the consolidated statement of profit or loss and other comprehensive income.

For the year ended 31 March 2023, the results relating to the Property were presented below:

	11 months ended 28 February 2023 <i>HK\$'000</i>
Revenue	7,161
Cost of sales	<u>(8,550)</u>
Gross loss	(1,389)
Other income and gains, net	3,951
Selling and distribution expenses	(970)
Administrative and other expenses	(18,396)
Fair value loss on investment properties, net	(3,172)
Finance costs	<u>(42,781)</u>
Loss before tax, impairment loss on property, plant and equipment and loss on disposal of the properties from the discontinued operation	(62,757)
Income tax credit	<u>277</u>
	(62,480)
Loss on disposal of the properties	(150,113)
Impairment loss on property, plant and equipment	<u>(88,348)</u>
Loss for the period from discontinued operation	<u><u>(300,941)</u></u>

* For identification purpose only.

(i) **The details of loss on disposal of the Property are as follow:**

	11 months ended 28 February 2023 <i>HK\$'000</i>
Total consideration	<u>1,356,519</u>
Carrying amount of investment property 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 customer and unresolved customer	<u>(3,694)</u>
Net loss on disposal of properties	<u><u>(150,113)</u></u>

(ii) **The net cash flows incurred relating to the Property are as follow:**

	11 months ended 28 February 2023 <i>HK\$'000</i>
Net cash inflow from operating activities	2,149
Net cash inflow from investing activities	586,526
Net cash outflow from financing activities	<u>(586,873)</u>
Net cash inflow	<u><u>1,802</u></u>

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

	11 months ended 28 February 2023 <i>HK\$'000</i>
Loss attributable to ordinary equity holders of the parent from the discontinued operation	<u>(204,640)</u>
Adjusted weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation (<i>note 12</i>)	<u>1,358,000,000</u>
Loss per share	<u><u>HK15.07 cents</u></u>

(b) Disposal of subsidiaries

(i) Pearl Swirls Limited and its subsidiaries (collectively, “Pearl Swirls Group”)

On 29 December 2023, the Group disposed of all equity interests in Pearl Swirls Group, i.e. 51%, at a consideration of approximately HK\$29,459,000 to the non-controlling interests of Pearl Swirls Group and the consideration will be settled by the amount due to the purchaser (i.e. the non-controlling interests of Pearl Swirls Group). The net assets of Pearl Swirls Group at the date of disposal were as follows:

	<i>HK\$'000</i>
Consideration received:	–
by settlement of amount due to non-controlling interests of Pearl Swirls Group of the Group	<u>29,459</u>

The net assets of Pearl Swirls Group at the date of disposal were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	2
Other receivables	12
Cash and cash equivalents	7,135
Other payables and accruals	(25)
Amounts due to non-controlling interests	<u>(2,000)</u>
Net assets	<u>5,124</u>

	<i>HK\$'000</i>
Gain on disposal of Pearl Swirls Group:	
Consideration received	–
Net assets disposed of	(5,124)
Amount due to non-controlling interests of Pearl Swirls Group	29,459
Non-controlling interests	(12,775)
Releases of exchange reserve upon disposal	<u>42</u>
Gain on disposal	<u>11,602</u>

	<i>HK\$'000</i>
Net cash outflow arising on disposal of Pearl Swirls Group:	
Cash consideration	–
Less: bank balances and cash disposed of	<u>(7,135)</u>
	<u>(7,135)</u>

The details of the disposal of Pearl Swirls Group, please refer to the announcement of the Company dated 29 December 2023.

(ii) Beyond Prime Limited and its subsidiaries (collectively, “Beyond Prime Group”)

On 29 December 2023, the Group disposed of 100% equity interests in Beyond Prime Group, at a consideration of HK\$8 to a related company, which are controlled by a close member of executive director, Mr. Qiu Dongfang.

	<i>HK\$'000</i>
Consideration received:	—
	<u> </u>

The net assets of Beyond Prime Group at the date of disposal were as follows:

	<i>HK\$'000</i>
Interests in an associate	—
Cash and cash equivalents	<u>17</u>
Net assets	<u>17</u>

	<i>HK\$'000</i>
Loss on disposal of Beyond Prime Group:	
Consideration received	—
Net assets disposed of	(17)
Releases of exchange reserve upon disposal	<u>(4,518)</u>
Loss on disposal	<u>(4,535)</u>

	<i>HK\$'000</i>
Net cash outflow arising on disposal of Beyond Prime Group:	
Cash consideration	—
Less: bank balances and cash disposed of	<u>(17)</u>
	<u>(17)</u>

(iii) Shanghai Jinshenglong* and its subsidiaries (collectively, “Shanghai Jinshenglong Group”)

On 27 March 2024, the Group disposed of 100% equity interests in Shanghai Jinshenglong Group, at nil consideration to an independent third party.

HK\$'000

Consideration received: –

The net assets of Shanghai Jinshenglong Group at the date of disposal were as follows:

HK\$'000

Prepayments and other receivables	111,740
Amounts due from related companies	85,426
Cash and cash equivalents	87
Trade and other payables	(31,933)
Tax payables	<u>(117,012)</u>
Net assets	<u><u>48,308</u></u>

HK\$'000

Gain on disposal of Shanghai Jinshenglong Group:	
Consideration received	–
Net assets disposed of	(48,308)
Non-controlling interests	2,705
Releases of exchange reserve upon disposal	<u>56,291</u>
Gain on disposal	<u><u>10,688</u></u>

HK\$'000

Net cash outflow arising on disposal of Shanghai Jinshenglong Group:	
Cash consideration	–
Less: bank balances and cash disposed of	<u>(87)</u>
	<u><u>(87)</u></u>

* *For identification purpose only.*

11. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2024, nor has any dividend been proposed since the end of the reporting period (2023: Nil).

12. 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:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year attributable to owners of the Company		
– Continuing operations	(118,640)	(223,615)
– Discontinued operation	<u>–</u>	<u>(204,640)</u>
	<u>(118,640)</u>	<u>(428,255)</u>
	Number of shares	
	2024	2023
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares in issue during the year for the purpose of basic loss per share calculation	<u>1,358,000</u>	<u>1,358,000</u>

Diluted loss per share is the same as the basic loss per share because the Group had no potential ordinary shares outstanding during the years ended 31 March 2024 and 2023.

13. INVESTMENT PROPERTIES

	Completed <i>HK\$'000</i>	Under construction <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2023	18,626	748,352	766,978
Additions	–	14,995	14,995
Decrease in fair value	(13,372)	(5,432)	(18,804)
Exchange realignment	(832)	(38,492)	(39,324)
At 31 March 2024	<u>4,422</u>	<u>719,423</u>	<u>723,845</u>

	Completed <i>HK\$'000</i>	Under construction <i>HK\$'000</i>	Total <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	6,902	(3,558)	3,344
– 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 2024, the Group's investment properties with carrying amount of HK\$719,423,000 (2023: HK\$748,352,000) were pledged to secure bank and other loans granted to the Group.

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

During the year, the Group's management decides, to appoint which independent professional qualified valuer to be responsible for the external valuation of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussion with the valuer on the assumptions and result when the valuation is performed.

The valuation of investment properties are performed by Graval Consulting Limited, an independent qualified professional valuer not connected with the Group. The Group's investment properties have been valued individually, on market value basis, which conforms to RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors (RICS).

Particulars of the Group's investment properties as at 31 March 2024 are as follows:

Location	Use	Attributable interest of the Group
Nanhu Scenic Zone, Yueyanglou District, Yueyang City, Hunan Province, PRC (“ Yueyang Project ”)	Commercial	100%
88/13 Qu, 2 Jiefang, Wuqiao Town, Fengxian District, Shanghai City, PRC (“ Shanghai Fengxian Boile-Pharmaceutical Valley ”)	Commercial	95%

Fair value hierarchy

The fair value measurement of the Group's investment properties has been categorised into the level 3 fair value hierarchy as defined in HKFRS 13.

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

	Fair value measurement as at 31 March 2024 using			
	Quoted prices in active markets (Level 1) <i>HK\$'000</i>	Significant observable inputs (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>	Total <i>HK\$'000</i>
Recurring fair value measurement for:				
Investment properties	—	—	4,422	4,422
Investment properties under construction	—	—	719,423	719,423
	Fair value measurement as at 31 March 2023 using			
	Quoted prices in active markets (Level 1) <i>HK\$'000</i>	Significant observable inputs (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>	Total <i>HK\$'000</i>
Recurring fair value measurement for:				
Investment properties	—	—	18,626	18,626
Investment properties under construction	—	—	748,352	748,352

There were no transfers of fair value measurements between Level 1 and Level 2, or transfers into or out of Level 3 during the year and in prior year.

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

Investment properties held by the Group	Valuation technique and key inputs	Significant unobservable inputs and range or weighted average	Relationship of unobservable input to fair value
Basement of clubhouse of Yueyang Project (“Yueyang Project”) (Note)	Income method		
	The key inputs are:		
	(1) Term yield	2024: 4.5% (2023: 3.5%)	The higher the term yield, the lower the fair value
	(2) Reversion yield	2024: 4.7% (2023: 4%)	The higher the reversion yield, the lower the fair value
“Dongfang Meigu” Industrial Complex Development Construction under development of Fengxian Project (Shanghai Fengxian Boill e-Pharmaceutical Valley)	Direct comparison method for land portion	Estimated market prices below have been taking into account location and other individual factors such as time, location, development density and quantum	
	The key inputs is estimated unit market price per m ² :	Ranging from HK\$970 to HK\$1,920 (2023: Ranging from HK\$1,200 to HK\$1,900) per m ²	The higher market price per m ² , the higher the fair value
	Replacement cost method for building portion	HK\$993,936,000 (2023: HK\$1,022,827,000)	The higher the replacement costs, the higher the fair value
	The key input is replacement costs adopted		

Note: As at 31 March 2024, the Group has not obtained the Certificate of Building Ownership of the Yueyang Project which is the community supporting places in the estate and for rental purpose.

14. TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	<u>54</u>	<u>8,384</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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 month	–	8,384
Over 3 month	<u>54</u>	<u>–</u>
	<u>54</u>	<u>8,384</u>

15. 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current or within 1 month	171,379	226,925
1 to 2 months	–	144
Over 2 to 3 months	–	136
Over 3 months	<u>67,709</u>	<u>23,021</u>
	<u>239,088</u>	<u>250,226</u>

16. CONTRACT LIABILITIES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Contract liabilities arising from:		
Sales of properties	<u>69,961</u>	<u>348,369</u>

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

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

Sales of properties

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

The movements in contract liabilities are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Balance as at the beginning of the year	348,369	304,307
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year		
– the amount was included in the contract liabilities at the beginning of the year	(273,811)	(148,764)
– the amount was included in the contract liabilities during the year	(8,486)	(20,415)
Increase in contract liabilities as a result of billing in advance, excluding those recognised as revenue in the current year	23,277	210,513
Increase in contract liabilities as a result of accruing interest expense on advances	1,998	25,190
Exchange realignment	<u>(21,386)</u>	<u>(22,462)</u>
Balance as at the end of the year	<u>69,961</u>	<u>348,369</u>

17. SHARE CAPITAL

	Ordinary shares of HK\$0.25 each	Amount HK\$'000
Authorised:		
At 1 April 2022	1,600,000,000	400,000
Addition (<i>note</i>)	<u>3,200,000,000</u>	<u>800,000</u>
At 31 March 2023, 1 April 2023 and 31 March 2024	<u>4,800,000,000</u>	<u>1,200,000</u>
Issued and fully paid:		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	<u>1,358,000,000</u>	<u>339,500</u>

Note:

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 2024 (“FY2024”) to the valued Shareholders. The Group’s revenue (including discontinued operation) for FY2024 was approximately HK\$285.2 million, representing a decrease of approximately 19.8% from approximately HK\$355.4 million for the year ended 31 March 2023 (“FY2023”). The revenue from the property development for FY2024 was approximately HK\$285.2 million (FY2023: approximately HK\$348.3 million).

The loss attributable to owners of the Company (including discontinued operation) for FY2024 was approximately HK\$118.6 million (FY2023: HK\$428.3 million), while the basic and diluted loss per share attributable to owners of the Company was approximately HK8.74 cents (FY2023: HK31.54 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 PRC. The Group has completed the construction of Yangzhong Project during the year ended 31 March 2024.

The Group recorded revenue from Yangzhong Project of approximately HK\$285.2 million from the sales of 343 apartments with an aggregate gross floor area of approximately 42,603 square meters and the accumulated sales of 1,140 apartments and 14 shops with an aggregate gross floor area of approximately 143,229 square meters.

Integrated industrial zone project

On 12 May 2021, Shanghai Baoxian succeeded in the bids of the land use rights of 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 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 the original expected to be completed by April 2024 due to the property market in the PRC remained under downward pressure and the housing supply and prices dragged down by the weakened demands. The construction progress of the Land were inevitably affected. The Board is expected to be completed by 2026.

FINANCIAL REVIEW

Continuing operations

Revenue

The revenue of the Group for FY2024 was approximately HK\$285.2 million, representing a decrease of approximately HK\$63.1 million or 18.1% as compared to the revenue of approximately HK\$348.3 million for FY2023.

The decrease in revenue was mainly due to the no sales of construction materials during FY2024 whereas the sales of construction materials was approximately HK\$178.6 million. But the Group increase in the delivery of properties under the Yangzhong Project from approximately HK\$169.5 million to HK\$285.0 million during FY2024 as compared to FY2023.

Gross profit

The gross profit of the Group for FY2024 was approximately HK\$11.7 million, representing an increase of approximately HK\$11.6 million as compared to the gross profit of approximately HK\$0.1 million for FY2023.

The increase in gross profit was mainly due to the construction cost control effectively.

Other income and gains/(losses), net

The other income and gains/(losses), net of the Group for FY2024 were approximately HK\$4.3 million (FY2023: net loss of 1.4 million).

The increase in other income and gains/(losses), net was mainly due to the exchange gains in translation of foreign currency balances.

Selling and distribution expenses

The selling and distribution expenses of the Group decreased from approximately HK\$7.7 million for FY2023 to approximately HK\$7.0 million for FY2024. The selling and distribution expense for FY2024 and FY2023 exhibits negligible fluctuations, indicating a lack of substantial changes between the two years. The selling and distribution expenses for FY2024 are primarily composed of salaries and commissions.

Administrative and other expenses

The administrative and other expenses of the Group for FY2024 were approximately HK\$40.6 million, representing an increase of approximately HK\$20.7 million from approximately HK\$19.9 million for FY2023. The increase was mainly due to the provision of tax penalty of approximately HK\$19.4 million was made for FY2024.

Provision for loss on net realisable values of properties under development and completed properties held for sales

During FY2024, in light of the adverse impact caused by the Pandemic and the sluggish industry environments in mainland China, the management reassess the provision for loss on net realisable values of properties under development and completed properties held for sales in respect of the Yangzhong Project.

The Group assessed the recoverable amounts of the properties under development and completed properties held for sales at the lower of costs and net realisable value. Provision for loss on net realisable value of properties under development and completed properties held for sales of the Group for FY2024 was approximately HK\$11.1 million (FY2023: 159.1 million), which was attributed to the provision for loss on net realisable value in respect of properties under development and completed properties held for sales under Yangzhong Project.

Finance costs

The finance costs of the Group for FY2024 were approximately HK\$21.8 million, representing a decrease of approximately HK\$21.7 million from approximately HK\$43.5 million for FY2023. The decrease was due to the repayments of borrowings in FY2024.

Income tax expense

The income tax expense of the Group for FY2024 was approximately HK\$7.6 million representing an increase of approximately HK\$5.6 million from approximately HK\$2.0 million for FY2023. Such increase was mainly due to the increase in the current tax during FY2024.

Net loss

The net loss of the Group for FY2024 was approximately HK\$283.1 million, representing a decrease of approximately HK\$244.5 million from approximately HK\$527.6 million for FY2023.

The Group's overall performance for the FY2024 was unsatisfactory as the Group recorded expected credit losses for financial guarantee contracts of approximately HK\$180.6 million (FY2023: Nil) and the Group recorded provision for loss on net realisable value of properties under development and completed properties held for sales of approximately HK\$36.6 million for FY2024 (FY2023: HK\$159.1 million) from Yangzhong Project, as a result of the adverse impact caused by the Pandemic and the sluggish industry environments.

BUSINESS PROSPECTS

Looking back from a longer historical perspective, the FY2024 was doomed to be an extraordinary year, during which enterprises and individuals did their best to survive a tough and hard time. The world was turbulent. China was bumping forward. Amid dramatic changes and reshaping, uncertainty became normal, and this was also the case for the property development industry which stumbled through its ups and downs.

We are hard working during the FY2024, in which the industry saw a year of deep adjustments, a year of spiraling down to a dark hole and a year of complicated and volatile market environment.

Looking forward to financial year 2025, the international environment will still be complex and severe, while the prospect for economic recovery in China is yet to show any sign of strength, and the real estate industry continues to stay in the stage of structural adjustment. Against the backdrop of challenges and uncertainties, we must follow the right way and take unpredictable moves so as to make steady progress.

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 2025. 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, 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 Shanghai Fengxian 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 Shanghai Fengxian 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 2024, the interest-bearing bank and other borrowings of the Group approximately HK\$842.2 million (as at 31 March 2023: approximately HK\$1,147.1million).

As at 31 March 2024, the Group's borrowings of approximately HK\$842.2 million (as at 31 March 2023: approximately HK\$1,147.1 million) were secured by (i) investment properties with carrying value of approximately HK\$719.4 million; (ii) properties under development with carrying value of approximately HK\$473.3 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; and (iv) interest in certain subsidiaries held by the Group.

As at 31 March 2024, the Group's all interest-bearing bank and other borrowings were repayable within one year or on demand and bearing interests at ranging from 4.1% to 15% per annum. As at 31 March 2023, the Group's interest-bearing bank and other borrowings of approximately HK\$341.9 million were repayable within one year or on demand and bearing interests at ranging from 3.8% to 15% per annum, the remaining interest-bearing bank and other 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.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2024, the Group had net current liabilities of approximately HK\$1,056.1 million (as at 31 March 2023: net current assets of approximately HK\$44.2 million) and cash and bank deposits (excluding restricted bank deposits) of approximately HK\$0.5 million (as at 31 March 2023: approximately HK\$40.6 million).

As at 31 March 2024, the Group was total deficit, no gearing ratio can be presented. As at 31 March 2023, the gearing ratio of the Group (defined as total interest-bearing bank and other borrowings divided by the Group's total equity) was 133.1 times.

Taking into account the Group's cash flow projections covering a period of fifteen months from the end of the reporting period prepared by management, and assuming the successful implementation of the below measures, the Directors consider the Group would be able to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period.

- (i) actively negotiating with investor/banks to obtain additional new financing and other source of funding as and when required;

- (ii) Actively negotiating with banks for the renewal of terms of the bank loan agreements, the waiver of the repayable on demand clause and breach of the undertaking and restrictive covenant requirements of certain bank borrowings;
- (iii) the related companies to whom the Group owed approximately HK\$206.0 million as at 31 March 2024 undertook not to demand repayment until the Group is in position to repay it without impairment of the Group's financial position;
- (iv) the Group continued to sell the completed properties held for sale and properties under development ready for pre-sale as scheduled in order to boost the liquidity of the Group;
- (v) the directors of the Company will continue to implement stronger measures aiming at improving the working capital and cash flows of the Group, including closely monitoring incurrence of other operating expenses;
- (vi) on 28 June 2024, Boill International and Liyao Investment have made a legal binding undertaking to undertake the Claim Amount and any additional claim from the plaintiff in the event of litigation failure. And the Group has the rights to offset the Claim Amount by amount due to related companies controlled by Boill International and Liyao Investment; and
- (vii) In the opinion of the Directors, the NCI Loan B was not borrowed by the Group, the Group is not obligated to settle the loan and will counter the Dispute. Moreover, on 28 June 2024, Boill International and Liyao Investment have made a legal binding undertaking to undertake the NCI Loan B and additional claim from the plaintiff in the event of litigation failure. And the Group has the rights to offset the NCI Loan B by amount due to related companies 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 bank and other borrowings were denominated in US dollar in FY2023 which were fully settled during FY2024. During FY2024, 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 FY2024 given that the functional currency of the Group was RMB. During FY2024, 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 2024 and 31 March 2023, the Group did not have any significant capital commitments.

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investments during FY2024.

MATERIAL ACQUISITIONS AND DISPOSALS

Save for disclosed in the note 10(b) of this announcement, there was no other material acquisitions or disposals of any subsidiaries, associates or joint ventures during FY2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

CONTINGENT LIABILITIES AND LITIGATIONS

As at 31 March 2024, save as disclosed in the announcements named “INSIDE INFORMATION INVOLVING LEGAL PROCEEDINGS MAJOR TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO FINANCIAL ASSISTANCE ” on 28 June 2024 and “CIVIL DEBT DISPUTE” on 28 June 2024, the Group is also subjected to certain legal claims mainly in relation to disputes under construction contracts in respect of its property development projects, which arose during the normal course of business.

EMPLOYEE AND HUMAN RESOURCES POLICY

The Group had a total of 26 employees as at 31 March 2024, of which 15 employees worked in the PRC and 11 worked in Hong Kong. Total employee costs from continuing operations for FY2024 amounted to approximately HK\$14.8 million (FY2023: approximately HK\$14.6 million).

The Group has established rules and procedures of recruitment, job promotion, compensation, benefits, leave, dismissal, etc. The Group determines employees’ compensation packages on the basis of work performance and the market standard of remuneration.

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 27 September 2023 (“**New 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 FY2024, no options were granted under the New Share Option Scheme.

FINAL DIVIDEND

The Directors resolved not to recommend the payment of a final dividend for FY2024 (FY2023: 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.

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 2024 and up to the date of approval 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 FY2024.

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 FY2024, 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 C3 to the Listing Rules. Having made specific enquiry by the Company, all Directors have confirmed that their compliance with the Model Code and the code of conduct throughout the year ended 31 March 2024.

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 FY2024.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained the prescribed public float under the Listing Rules up to 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 FY2024 and has met with the auditor of the Company, Infinity CPA Limited (“**Infinity**”). The consolidated financial statements have been agreed by Infinity. 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 INFINITY CPA 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 FY2024 as set out in this announcement have been agreed by Infinity, to the amounts set out in the Group's audited consolidated financial statements for FY2024. The work performed by Infinity 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 Infinity on this preliminary results announcement.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditors' report on the Group's consolidated financial statements for the year ended 31 March 2024 which included a disclaimer of opinion:

DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

We draw attention to note 3(b) in the consolidated financial statements, which describes as at 31 March 2024, the Group was in net current liabilities position and net liabilities position amounting to approximately HK\$1,056,099,000 and HK\$332,903,000, respectively. These conditions, along with other matters as set forth in note 3(b) to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

The directors have certain plans and measures to improve the Group's liquidity and financial position, which are set out in note 3(b) to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the outcomes of these plans and measures, which are subject to significant uncertainties, including (i) whether the Group is able to successfully negotiate with the banks for renewing banking facilities and waiver of the repayable on demand right; (ii) whether the Company is successful in implementing alternative capital raising initiatives to secure additional funds for the Group; (iii) whether the related companies are financially capable of not demanding repayment until the Group is in a position to repay it without impairment of the Group's financial position; (iv) whether the Group is able to sell the completed properties for sale and properties under development ready for pre-sale as scheduled, as well as implement its cost control measures to generate positive cash flows from operations of the Group; and (v) whether the outcome of the litigation and dispute about the Claim Amount and the Dispute in aligns with the amount of expected credits losses recognized therefrom.

We have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves about the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements because of the lack of detailed analyses provided by management in relation to its plans and measures for future actions in its going concern assessment which take into account the uncertainty of outcome of these plans and measures and how variability in outcome would affect the future cash flows of the Group for the year ended 31 March 2024.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the carrying values of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements and we were unable to determine whether such adjustments might have been found necessary.

AUDIT COMMITTEE'S VIEW ON THE DISCLAIMER OF OPINION

The audit committee of the Company (the “**Audit Committee**”) had critically reviewed the basis for disclaimer of opinion (the “**Disclaimer**”) of Infinity. The Audit Committee had also discussed with Infinity regarding the financial position of the Group, the measures taken and to be taken by the Company, and considered Infinity’s rationale and understood their consideration in arriving the disclaimer of opinion. The Audit Committee is in agreement with the management with respect to the Disclaimer and the Group’s ability to continue as a going concern, and in particular the actions or measures to be implemented by the Group. The Audit Committee’s views are based on (i) a critical review of the action plan to address the Disclaimer; and (ii) discussions between the Audit Committee, the auditors and the management regarding the Disclaimer and the proposed measures and action plan together with the timeline stated therein to address the Disclaimer. The Audit Committee requested the management to take all necessary actions to address the effect on the basis for the Disclaimer to procure no such Disclaimer to be made in the next financial year.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year ended 31 March 2024 (the “**AGM**”) is proposed to be held on Thursday, 26 September 2024. 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 20 September 2024 to 26 September 2024, 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 19 September 2024.

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 FY2024 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, 2 July 2024

As at the date of this announcement, the Company has (i) two executive Directors, namely Mr. Qiu Dongfang and Mr. Zhang Sheng Hai; (ii) one non-executive Director, namely Mr. Chui Kwong Kau; and (iii) three independent non-executive Directors, namely Ms. Tang Man Yi, Mr. Yi Baxian and Mr. Wang Zhe.

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.*