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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)**

### **VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF THE PROPERTY**

**Financial adviser to the Company**



#### **THE DISPOSAL**

On 25 November 2022 (after trading hours), the Vendor, an indirect non-wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Property at the consideration of RMB1,185,000,000 (equivalent to approximately HK\$1,422,000,000).

#### **LISTING RULES IMPLICATIONS**

As the highest of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

#### **GENERAL**

The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Agreement and the transactions contemplated thereunder.

A circular containing, among other things, further details of the Disposal, the notice of the EGM and other information as required under the Listing Rules will be despatched to the Shareholders. It is expected that the circular will be despatched to the Shareholders on or before 30 November 2022.

**As the Disposal is subject to the satisfaction of the conditions precedent set out in the Agreement, the Disposal may or may not proceed to completion. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## **INTRODUCTION**

On 25 November 2022 (after trading hours), the Vendor, an indirect non-wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Property at the consideration of RMB1,185,000,000 (equivalent to approximately HK\$1,422,000,000).

## **THE AGREEMENT**

Set out below are the principal terms of the Agreement:

### **Date**

25 November 2022

### **Parties**

- (i) the Vendor; and
- (ii) the Purchaser.

### **Asset to be disposed of**

The asset to be disposed of is the Property, which is a healthcare holiday resort situated at Hill 13/9, Block 26, Sheshan Town, Songjiang District, Shanghai, the PRC (上海市松江區佘山鎮26街坊13/9丘) and comprises of:

- (i) the land use rights of the Property with a total site area of approximately 150,602 sq.m.;
- (ii) the 35 buildings erected on the site with a total gross floor area of approximately 38,535.08 sq.m.;

- (iii) the assets in the Property such as the building foundation, above- and underground structures, decoration, facilities and equipment, greening and energy conservation projects, municipal roads and facilities;
- (iv) the rights to develop the Property with a plot ratio of 0.5;
- (v) all documents in relation to the construction of the Property; and
- (vi) all interests and underlying assets in relation to the Property.

The Purchaser is entitled to nominate a third party or a special purpose entity to be established in the PRC as the transferee of the Property.

### **Consideration and payment terms**

The Consideration is RMB1,185,000,000 (equivalent to approximately HK\$1,422,000,000) (inclusive of value-added tax of RMB59,250,000), which was arrived at after arm's length negotiation between the parties on normal commercial terms with reference to, among others, (i) the preliminary valuation of the Property of RMB1,210,300,000 as at 30 September 2022 conducted by Graval Consulting Limited, an independent property valuer using direct comparison approach; (ii) recent market conditions; and (iii) the revenue generating capability and prospect of the Property.

The Consideration shall be payable by the Purchaser to the Vendor in cash in the following manner:

- (i) the deposit (the "**Deposit**") of RMB20,000,000 (equivalent to approximately HK\$24,000,000) shall be paid by the Purchaser to an escrow account within fifteen (15) business days upon its set up, and such escrow account shall be set up by the parties within five (5) business days after the date of the Agreement;
- (ii) RMB829,500,000 (equivalent to approximately HK\$995,400,000), being 70% of the Consideration (the "**First Payment**") shall be paid by the Purchaser to another escrow account set up by the parties (the "**Consideration Escrow Account**") within fifteen (15) business days after the fulfilment of the conditions precedent in the section headed "*Conditions precedent – Conditions precedent to the First Payment*" below;
- (iii) RMB142,200,000 (equivalent to approximately HK\$170,640,000), being 12% of the Consideration (the "**Second Payment**"), shall be paid by the Purchaser to the Vendor's designated bank account (the "**Vendor's Bank Account**") within fifteen (15) business days after the fulfilment of the conditions precedent as set out and the Formal Transfer Date as defined in the section headed "*Conditions precedent – Condition precedent to the Second Payment*" below. The Vendor shall use the Second Payment to repay the unsettled or unpaid construction fees of RMB112,265,263.81 (equivalent to approximately HK\$134,718,317) in relation to the Property (the "**Construction Fees**");

- (iv) RMB94,800,000 (equivalent to approximately HK\$113,760,000), being 8% of the Consideration, together with the aggregate amount of rental payment, membership fee, deposit and/or service fee arising from new rental, membership or service agreements entered into between the Customers and the Purchaser (the “**Settled Customer Amount**”), and after deducting the estimated amount of rental payment, membership fee, deposit and/or service fee (based on the remaining term of the existing rental or membership agreement with the Vendor or of the existing service agreement with Jinshenglong Health and the Purchaser’s standard rental charges for the corresponding unit type) of Customers (the “**Unresolved Customers**”) who do not enter into new rental, membership or service agreements with the Purchaser but continue to occupy the relevant units of the Property (the “**Unresolved Customer Amount**”) (the “**Third Payment**”) shall be paid by the Purchaser to the Vendor’s Bank Account within fifteen (15) business days after the fulfilment of the conditions precedent in the section headed “*Conditions precedent – Conditions precedent to the Third Payment*” below; and
- (v) RMB118,500,000 (equivalent to approximately HK\$142,200,000), being the remaining balance of the Consideration, after deducting other miscellaneous expenses payable by the Vendor pursuant to the Agreement including unpaid professional fees and compensation (the “**Miscellaneous Expenses**”) and after deducting the remaining Construction Fees payable by the Vendor at the material time, if any (which amount shall be held by the Purchaser as performance warranty) (the “**Performance Warranty**”) (the “**Remaining Balance**”), shall be paid by the Purchaser to the Vendor’s Bank Account after satisfaction of, including but not limited to, the following conditions: (a) not less than 365 days have elapsed after the funds in sub-paragraph (iii) below have been paid to the Vendor’s Bank Account, (b) the Vendor having settled and repaid part of the Construction Fees constituting the amounts exceeding RMB500,000 per construction contract (the “**Partial Construction Fees**”), and (c) the Vendor having settled the accounts with respect to all Unresolved Customers as provided under the section headed “*Settlement with respect to Customers*” below.

Based on currently available information, the Company estimates that the Settled Customer Amount and Unresolved Customer Amount, Miscellaneous Expenses, Performance Warranty and Partial Construction Fees would not exceed approximately RMB50,000,000 (equivalent to approximately HK\$60,000,000), approximately RMB10,000,000 (equivalent to approximately HK\$12,000,000), approximately RMB0 and approximately RMB109,249,000 (equivalent to approximately HK\$131,099,000), respectively.

The Vendor shall receive the Consideration in accordance with the following timeline:

- (i) the Deposit shall be remitted to the Purchaser’s designated bank account immediately upon the payment of the First Payment to the Consideration Escrow Account;
- (ii) the full amount of the First Payment shall be used to repay an equivalent amount of the outstanding indebtedness owing by the Group to its existing lenders (the “**Existing Lenders**”) and transferred from the Consideration Escrow Account to the Existing Lenders’ designated

bank account as repayment within five (5) business days after the Purchaser having obtained the new land use rights certificate evidencing the release of the Mortgage and the completion of title transfer of the Property to the Purchaser (the “**Title Transfer Date**”);

- (iii) the Second Payment and the Third Payment shall be paid by the Purchaser to the Vendor’s Bank Account within the timeframe specified above;
- (iv) the Remaining Balance shall be paid by the Purchaser to the Vendor’s Bank Account after satisfaction of the payment conditions; and
- (v) the Performance Warranty, if any, shall be refunded to the Vendor on a rolling basis with reference to the settlement status of the remaining Construction Fees payable by the Vendor, to the effect that the Purchaser shall release the corresponding amount of the Performance Warranty to the Vendor every two (2) calendar months.

### **Other material terms**

#### ***Independent appraisal***

After the payment of the Deposit, the parties shall jointly select and engage an independent appraiser to issue a formal appraisal report (the “**Appraisal Report**”) on the quality and safety of the foundation works and main structures of the Property and to ascertain whether any parts are in need of repair and maintenance works. The Purchaser shall bear the cost of the appraisal, but if the Appraisal Report concludes that the quality and safety of the foundation works and main structures of the Property are below the required standards, the Purchaser may terminate the Agreement and require the Vendor to refund the double amount of the Deposit to the Purchaser and bear the cost of the appraisal.

#### ***Settlement with respect to Customers***

In relation to the determination of the Settled Customer Amount and the Unresolved Customer Amount, pursuant to the Agreement, the Vendor shall endeavor to transition each of its Customers to the Purchaser including terminating its existing membership and/or rental agreements with Customers and/or enter into transfer agreements for existing rental agreements with Customers with the Purchaser. The Settled Customer Amount and the Unresolved Customer Amount shall then be agreed in writing in the section headed “*Conditions precedent – Conditions precedent to the Third Payment*” below.

After payment of the Third Payment and prior to the payment of the Remaining Balance, the parties shall continue to tally and settle the accounts with respect to Unresolved Customers on a monthly rolling basis, to the effect that in respect of any Unresolved Customers who have entered into new rental or membership agreements with the Purchaser or who have terminated their existing rental or membership agreements and moved out of the Property during the preceding calendar month, the Unresolved Customer Amount in respect of such Unresolved Customers shall be paid by the

Purchaser to the Vendor in full without interest on or before the 15th day of the then current calendar month, and upon its receipt of such Unresolved Customer Amount, the Vendor shall pay the rental expenses of such Unresolved Customers for the period of their occupation of the Property after the Formal Transfer Date (calculated at the Purchaser's standard rental charges for the corresponding unit type) to the Purchaser's designated manager of the Property.

## **Conditions precedent**

### ***Conditions precedent to the First Payment***

The payment of the First Payment shall be conditional upon the satisfaction of, including but not limited to, the following conditions:

- (i) the Company having obtained the relevant approval from the Board, the Stock Exchange and the Shareholders at the EGM for the Disposal;
- (ii) the Purchaser having reported to the CBIRC in respect of the Disposal;
- (iii) the Purchaser having obtained the business license of the special-purpose vehicle (the "SPV", which shall be a wholly-owned subsidiary of the Purchaser) to be established for the purpose of acquiring the Property pursuant to the Agreement, and each of the Purchaser and the SPV having executed a written confirmation in the prescribed form confirming that the SPV will assume the rights and obligations of the Purchaser under the Agreement;
- (iv) the completion of the setting up of the Consideration Escrow Account;
- (v) the Vendor having terminated all lease agreements entered into with Jinshenglong Health and the latter having waived its pre-emptive rights of the Property in writing; and
- (vi) the parties having obtained the Appraisal Report containing the conclusion that the quality and safety of the foundation works and main structures of the Property have met the relevant standards.

The Property shall be released from the Mortgage within five (5) business days upon the transfer of the First Payment to the Consideration Escrow Account, and the parties shall submit the application for approval and registration of the title transfer of the Property from the Vendor to the Purchaser within five (5) business days upon such release.

Pursuant to the Agreement, the conditions precedent to the First Payment shall be satisfied within seventy-five (75) days upon payment of the Deposit by the Purchaser.

### ***Condition precedent to the Second Payment***

The payment of the Second Payment shall be conditional upon the satisfaction of, including but not limited to, the following conditions:

- (i) the Vendor having provided the Purchaser with the requisite documentation including a settlement certificate signed by Shanghai Aijian evidencing the Vendor's payment of all outstanding amounts owed in relation to the Mortgage and a valid invoice for the value-added tax of the Consideration; and
- (ii) the transfer of the Property having completed pursuant to the Agreement.

The formal date of transfer of the Property (the "**Formal Transfer Date**") shall be the third (3rd) business day after the Title Transfer Date.

Any risks associated with the Property shall be borne by the Purchaser after the Formal Transfer Date.

### ***Conditions precedent to the Third Payment***

The payment of the Third Payment shall be conditional upon the satisfaction of, including but not limited to, the following conditions:

- (i) the parties having confirmed the status of negotiations and settlement with the Customers, the Settled Customer Amount and the Unresolved Customer Amount in writing;
- (ii) the parties having completed the handover and operation of the Property during the transition period of the Property in the manner as set out in the Agreement; and
- (iii) the Vendor having settled and repaid part of the Construction Fees constituting the contractor fees and contracted construction and furnishing fees owed to the general contractor of the Property (the "**Contractor Fees**"). Based on currently available information, the Company estimates that the Contractor Fees (part of which overlapped with the Partial Construction Fees) would not exceed approximately RMB98,939,000 (equivalent to approximately HK\$118,727,000).

Pursuant to the Agreement, the conditions precedent to the Third Payment shall be satisfied within three (3) months after the Formal Transfer Date.

## **Termination**

Either party (being the non-defaulting party) may terminate the Agreement unilaterally under any of the following circumstances:

- (i) there is a delay in the registration for transfer of title of the Property due to the default of the other party and the delay remains unresolved for more than 30 days;
- (ii) there is a delay in the handover of the Property due to the default of the other party and the delay remains unresolved for more than 30 days;
- (iii) (where the Vendor is the defaulting party) a change or event has occurred which has a material adverse effect on the Purchaser's unencumbered right to own and use the Property or its intended use of the Property for health preservation and elderly care operations, including but not limited to (a) a breach of the representations and warranties given by the Vendor under the Agreement, or (b) a third party claim or dispute on the title of the Property or the transfer of the Property, or (c) a material deviation in the actual status of the Property as compared to the due diligence results, or (d) the Vendor or its related party is subject to winding up or liquidation, or (e) the Property or any part thereof is subject to damage or partial or wholesome destruction prior to the Formal Transfer Date (other than any damage or destruction arising from force majeure events which are not caused by the Vendor), and where such change or event has not been remedied by the Vendor within five (5) days after written notification by the Purchaser; or
- (iv) (where the Purchaser is the defaulting party) the Purchaser fails to timely pay or release any payment due under the Agreement without any reasonable cause, or any of the conditions precedent under the Agreement cannot be satisfied due to the reason of the Purchaser, and where the Vendor has notified the Purchaser in writing of such situation but it remains unresolved after the lapse of 30 days.

## **Guarantee**

The performance obligations of the Vendor under the Agreement are guaranteed by each of Mr. Qiu and the Company by way of a guarantee agreement dated 25 November 2022 entered into between Mr. Qiu and the Company as guarantors and the Purchaser.

## **Completion**

The day on which the Remaining Balance and the Performance Warranty, if any, have been paid in full shall be regarded as the final completion date of the transactions contemplated under the Agreement.



## INFORMATION ON THE PROPERTY

The Property is a healthcare holiday resort which is developed by the Group on a piece of state-owned land and its land use rights has been granted for a term of 40 years due to expire on 13 March 2048 for accommodation and catering uses. The Property is subject to the Mortgage.

The healthcare holiday resort has commenced operation since November 2019. The resort is planned to be developed in three phases and consists of facilities including clubhouse, villas, apartments, and underground areas for providing health preservation, elderly care and healthcare services for customers in leasing model to derive rental and service fee income from its customers. As at the date of this announcement, the first two phases of the resort, comprising of the 35 buildings in subparagraph (ii) of the section headed “*Asset to be disposed of*” above, have been completed. The third phase of the resort is currently in the review and development planning stage and construction has not yet commenced.

### Financial information attributable to the Property

Set out below is a summary of the financial information attributable to the Property for the two years ended 31 March 2022:

	As at/Year ended 31 March	
	2021	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue	11,762	11,566
Loss before income tax	100,938	742,390
Loss after income tax	100,938	742,390
Carrying amount	2,062,697	1,491,585

## INFORMATION ON THE PURCHASER

The Purchaser is a joint stock company established in the PRC with limited liability and is principally engaged in the provision of insurance products in the PRC. The Purchaser is a subsidiary of Sunshine Insurance Group Company Limited (陽光保險集團股份有限公司) (“**Sunshine Insurance Group**”), a joint stock company established in the PRC with limited liability and an insurance group in the PRC that provides comprehensive solutions focusing on professional risk protection and diverse service offerings to its customers. Based on publicly available information, Sunshine Insurance Group has a diverse shareholder base with over 40 non-individual registered shareholders each holding less than 7% of the issued share capital of Sunshine Insurance Group and has no controlling shareholder (as defined under the Listing Rules). The promoters and non-individual shareholders of Sunshine Insurance Group include, among others, China Petrochemical Corporation (中國石油化工集團有限公司) (“**Sinopec Group**”), China Southern Air Holding Company Limited (中國南方航空集團有限公司) (“**CSAir Group**”), Aluminum Corporation of China (中國鋁業集團有限公司) (“**Chinalco**”),

Sinotrans & CSC Holdings Co., Ltd. (中國外運長航集團有限公司) (“**Sinotrans Group**”), and Guangdong Electric Power Development Co., Ltd. (廣東電力發展股份有限公司) (“**Guangdong Electric**”), which is a company listed on the Shenzhen Stock Exchange (stock code: 000539), each holding more than 3% of the issued share capital of Sunshine Insurance Group. Each of Sinopec Group, CSAir Group, Chinalco Group and Sinotrans Group is controlled by the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會), and Guangdong Electric is controlled by the State-owned Assets Supervision and Administration Commission of the People’s Government of Guangdong Province (廣東省人民政府國有資產監督管理委員會).

As at the date of this announcement, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, (i) each of the Purchaser and its ultimate beneficial owners is a third party independent of the Company and its connected persons; and (ii) there is, and in the past twelve months, there has been, no material loan arrangement between (a) the Purchaser, any of its directors and legal representatives and/or any ultimate beneficial owner(s) of the Purchaser who can exert influence on the Disposal; and (b) the Company, any connected person at the Company’s level and/or any connected person of the Company’s subsidiaries involved in the Disposal.

## **INFORMATION ON THE GROUP AND THE VENDOR**

The Company is an investment holding company. Its subsidiaries are principally engaged in property development, healthcare holiday resort development and operation, foundation piling, and investment securities.

The Vendor is a company established in the PRC with limited liability and is an indirect non-wholly-owned subsidiary of the Company. It is principally engaged in the healthcare holiday resort development and operation business in the PRC. As at the date of this announcement, the Vendor is wholly owned by Anway Real Estate Limited, which in turn is owned as to 68% by the Group and as to 32% by Boill International, a wholly-owned subsidiary of Boill Holding Group, which in turn is indirectly owned as to 97.64% by Mr. Qiu and as to 2.36% by his spouse Ms. Huang.

## **FINANCIAL EFFECTS OF THE DISPOSAL**

It is expected that the Group will record a net loss on the Disposal of not less than approximately RMB256,542,000 (equivalent to approximately HK\$307,850,000), which is calculated by reference to (i) the Consideration of approximately RMB1,185,000,000 (equivalent to approximately HK\$1,422,000,000); (ii) the carrying amount of the Property after taking into account the market value of the Property of approximately RMB1,210,300,000 (equivalent to approximately HK\$1,452,360,000) as appraised by an independent firm of qualified professional valuers; (iii) the estimated PRC taxes of approximately RMB169,160,000 (equivalent to approximately HK\$202,992,000); (iv) the estimated professional expenses of approximately RMB2,082,000

(equivalent to approximately HK\$2,498,000); and (v) the estimated Settled Customer Amount and Unresolved Customer Amount and related expenses in aggregate of approximately RMB60,000,000 (equivalent to approximately HK\$72,000,000).

The Group's actual gain or loss arising from the Disposal may be different from the above and shall be subject to the review by the Company's auditors and determined based on the fair market value of the Property and the amount of incurred expenses incidental to the Disposal.

## USE OF PROCEEDS

The net proceeds from the Disposal after deducting the estimated PRC taxes, professional fees, Construction Fees, Settled Customer Amount and Unresolved Customer Amount and related expenses of approximately RMB343,507,000 (equivalent to approximately HK\$412,208,000) in aggregate are estimated to be approximately RMB841,493,000 (equivalent to approximately HK\$1,009,792,000). The Group intends to apply the net proceeds from the Disposal as follows:

Use	Approximate amount (RMB'000)
Repayment of outstanding borrowings of and interest accrued by the Group	758,248
Development of the property development business of the Group	60,000
General working capital	23,245

As at the date of this announcement, the outstanding borrowings of and interests accrued by the Group amounted to approximately HK\$1,774.7 million, which comprise, among others, (i) in relation to the Mortgage, a secured loan and interest accrued of approximately HK\$552.0 million, the principal of which will fall due in August 2023; and (ii) a secured loan (the "Loan Facility") and interest accrued of approximately HK\$357.9 million, the principal of which has fallen due.

## REASONS FOR AND BENEFITS OF THE DISPOSAL

As disclosed in the annual report of the Company for the year ended 31 March 2022 (the "2021/2022 Annual Report"), given the continuous losses in recent years and net cash outflows incurred by the Group for the year ended 31 March 2022, the gearing ratio of the Group has progressively increased from approximately 86.5% as at 31 March 2021 to approximately 623.1% as at 31 March 2022. The Group recorded net current liabilities of approximately HK\$1,056.7 million as at 31 March 2022, with outstanding borrowings of approximately HK\$1,541.0 million. As at the date of this announcement, the principal of the borrowings and interest accrued of approximately HK\$909.9 million in aggregate has fallen due or will fall due in mid-2023, which imposed a pressing need for additional liquidity to alleviate the potential significant impact on the liquidity position of the Group. These events and conditions indicated the existence of uncertainties which may cast doubt on the Group's ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business.

The Property is part of the Group's principal business segment of healthcare holiday resort development and operation. The Group has developed the Property into a clubhouse, villas, apartments, and underground areas for providing health preservation, elderly care and healthcare services for customers in leasing model to derive rental and service fee income from its customers in 2019. As disclosed in the 2021/2022 Annual Report, the Group's healthcare holiday resort development and operation business segment, comprising solely the financial information attributable to the Property, recorded a net loss of approximately HK\$686.3 million for the year ended 31 March 2022, as compared to net loss of approximately HK\$36.8 million for the year ended 31 March 2021, primarily attributable to the fair value loss on investment properties as a result of the lower-than-expected occupancy rate and adverse market conditions of the PRC real estate market (which were due to the adverse impact caused by the outbreak of the coronavirus pandemic and the weakened demand of potential home-buying customers as a result of the deterioration of their overall financial conditions brought by the uncertain global macro-economic environment), which has adversely affected the financial results of the Group. The continual loss-making performance of the healthcare holiday resort development and operation business of the Group not only fails to contribute satisfactory income to the Group but also draws significant cashflow from the Group to cover its expenses and finance costs, which caused significant difficulties for the Group in generating sufficient cashflow to finance its property development operations and repay the loans as discussed below.

As at the date of this announcement, the third phase of the Property is in the review and development planning stage and construction has not yet commenced. The Company expects that additional capital expenditure of over HK\$289.3 million will be required for the ongoing operation and development of the healthcare holiday resort business at the Property. Nonetheless, taking into consideration of the current market sentiment and the outbreak of the coronavirus pandemic in the PRC, the Company believes that the demand for the health preservation, elderly care and healthcare services has been and will be diminishing in the short term and it may not be beneficial to commence the construction of the third phase of the Property, which will further strain the cashflow of the Group in the short to medium term. Further, the Group has financed the development of the Property with interest-bearing borrowings, and the matured borrowings and related finance costs represent a significant burden on the Group, considering the continued liquidity squeeze in the operating cashflow of the Property and the foreseeable interest rate hike cycle make it imperative for the Company to resolve the financial burden on the Group.

Given the unstable macro-economic environment, geopolitical development and prevailing financial market condition around the world, fundraising activities of the Group during the year ended 31 March 2022 has also been significantly affected, since potential investors and financial institutions were more cautious on equity and debt financing. In addition, the Group is obligated to settle the outstanding indebtedness owing by the Group to the Existing Lenders, part of which has fallen due or will fall due by mid-2023. Hence, the Company considers that the Disposal represents a valuable opportunity for the Group to realise cash resources from the Property in order to accommodate the payment terms of the current and future indebtedness of the Group and alleviate the imminent need and financial stress of the Group to repay the loans which has fallen due or will fall due soon as discussed in the section headed "Use of Proceeds" above. As disclosed in the section headed "Consideration and payment terms" above, the First Payment will be directly settled against the

outstanding indebtedness owing by the Group to the Existing Lenders after the Title Transfer Date. Accordingly, the indebtedness and related finance costs of the Group will be reduced and the Group will be in a better financial position to pursue its business plan as described below. In effect, the Group can refocus its resources to carry on and develop its core property development business in its normal and usual manner, and will discontinue the healthcare holiday resort development and operation business upon completion of the Disposal.

Upon Completion, the Group will be engaged in property development, with an emphasis on developing integrated industrial zones as the principal business of the Group. Specifically, the Group will focus on (i) its existing projects including the Land as disclosed below; and (ii) the development and operation of integrated industry zones for emerging industries such as the biomedicine and artificial intelligence field, of which part of the net proceeds of the Disposal may be used for acquiring land to expand the Group's scale of operations for integrated industrial zones. In the long run, the Group aims to become a comprehensive industrial integration service provider and provide one-stop integration services including but not limited to supporting industrial operation services, fund investment and capital market services through its development and operation of integrated industrial zones as the starting point. The Group will assess the situation and accelerate construction, arrange pre-sales of properties based on sales targets and expedite the collection of sales proceeds so as to enhance the financial performance of the Group. As disclosed in the 2021/2022 Annual Report, the Group's property development business recorded an increase from a net profit of approximately HK\$2.6 million for the year ended 31 March 2021 to approximately HK\$91.8 million for the year ended 31 March 2022, primarily due to the increase in revenue attributable to the increase in sales of properties under the property project (the "**Yangzhong Project**") in Yangzhong City, Zhenjiang City, Jiangsu Province, the PRC, which was acquired in October 2020. The Group will allocate more resources in advertising and marketing to boost the sales of properties under the Yangzhong Project so as to improve the financial performance and cashflow of the Group.

On 12 May 2021, the Group succeeded in bidding for 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 sq.m. through the listing-for-sale process held by Shanghai Land Transaction Center. Completion of the Land acquisition took place on 2 July 2021. As disclosed in the 2021/2022 Annual Report, 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 construction on the Land has commenced in September 2021 and is expected to be completed by April 2024.

The Group will continue to look for opportunities to obtain premium land sites through tender, auction and listing in the open market, while forming joint venture enterprises with other property developers, as joint venture enterprises enjoy advantages in land acquisitions, financing, marketing and pricing. The Group will also consider to expand its business by way of investment in property

projects as and when opportunities arise. Leveraging on the extensive experience of the management of the Group in developing, selling, leasing and managing properties, the Company considers that the Disposal will enable the Group to devote more financial resources on the better performed property development business and will provide for the long-term viability of the Company.

In view of the above, particularly (i) the financial performance of the Group in recent years; (ii) the short-term indebtedness and net current liabilities position of the Group; and (iii) the volatile market environment and uncertain business prospects of the property market in the PRC, the Company believes that the Group has an imminent need for additional liquidity to ease the financial stress of the Group. As discussed above, the Consideration will be applied (a) to repay the outstanding interest-bearing borrowings of the Group in order to turnaround the net current liabilities position of the Group; (b) to improve the Company's credit profile and provide for the long-term viability of the Company; (c) to allow the Company to refocus on improving its performance in business operations; (d) to expand the land bank as and when the opportunity arises; and/or (e) as general working capital to support the daily operations of the Group.

Having considered the above and the terms of the Agreement, the Directors (excluding Mr. Qiu who has abstained from voting on the relevant Board resolutions) are of the view that the terms of the Agreement are fair and reasonable and is in the best interest of the Shareholders and the Company as a whole.

## **LISTING RULES IMPLICATIONS**

As the highest of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company and is subject to the reporting, announcement, circular and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **GENERAL**

The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Agreement and the transactions contemplated thereunder.

As the Loan Facility is secured by, among others, (i) the share pledges provided by Boill International and Liyao in respect of 450,600,000 Shares and 260,000,000 Shares, respectively; (ii) the personal guarantees executed by Mr. Qiu and Ms. Huang; and (iii) the corporate guarantee executed by Boill International, of which its outstanding principal and interest will be repaid with the net proceeds from the Disposal as mentioned in the section headed "Use of proceeds" above, and the performance obligations of the Vendor under the Agreement are guaranteed by each of Mr. Qiu and the Company, each of Mr. Qiu, Ms. Huang, Boill International and Liyao and their respective close associates will abstain from voting on the relevant resolutions for approving the Disposal at the EGM.

Save for Mr. Qiu, Ms. Huang, Boill International and Liyao and their respective close associates, to the best knowledge of the Company having made all reasonable enquiries, no other Shareholder has any material interest in the Agreement and the transactions contemplated thereunder and would be required to abstain from voting on the relevant resolutions for approving the Disposal at the EGM.

A circular containing, among other things, further details of the Disposal, the notice of the EGM and other information as required under the Listing Rules will be despatched to the Shareholders. It is expected that the circular will be despatched to the Shareholders on or before 30 November 2022.

**As the Disposal is subject to the satisfaction of the conditions precedent set out in the Agreement, the Disposal may or may not proceed to completion. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Agreement”	the sale and purchase agreement dated 25 November 2022 entered into between the Vendor and the Purchaser in relation to the Disposal;
“Board”	the board of Directors;
“Boill Holding Group”	Boill Holding Group Co., Ltd.* (保集控股集團有限公司), a company established in the PRC with limited liability, which is indirectly owned as to 97.64% by Mr. Qiu and 2.36% by his spouse Ms. Huang;
“Boill International”	Boill International Co., Limited, a company incorporated in Hong Kong with limited liability, which is wholly-owned by Boill Holding Group;
“CBIRC”	the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會);
“Company”	Boill Healthcare Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and the Shares in which are listed on the Stock Exchange (stock code: 1246);
“Completion”	completion of the Disposal;

“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the consideration of RMB1,185,000,000 (equivalent to approximately HK\$1,422,000,000) payable by the Purchaser to the Vendor for the Disposal pursuant to the Agreement;
“Customers”	the existing members and/or tenants that entered into relevant membership and/or rental agreements with the Vendor and service agreements with Jinshenglong Health in relation to the Property;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of the Property by the Vendor pursuant to the terms of the Agreement;
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Agreement and the transactions contemplated thereunder;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Jinshenglong Health”	Shanghai Jinshenglong Health Management Co., Ltd.* (上海金盛隆健康管理有限公司), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of the Vendor;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Liyao”	Liyao Investment Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Mr. Qiu;
“Mortgage”	the mortgage dated 26 March 2020 created by the Vendor in favour of Shanghai Aijian over the Property to secure the loan facility in the principal amount of RMB400,000,000 for the Vendor;



“Mr. Qiu”	Mr. Qiu Dongfang (裘東方先生), an executive Director and chairman of the Board, a substantial shareholder of the Company, and the spouse of Ms. Huang;
“Ms. Huang”	Ms. Huang Jian (黃堅女士), the spouse of Mr. Qiu;
“PRC”	the People’s Republic of China;
“Property”	the healthcare holiday resort situated at Hill 13/9, Block 26, Sheshan Town, Songjiang District, Shanghai, the PRC (上海市松江區佘山鎮26街坊13/9丘);
“Purchaser”	Sunshine Life Insurance Corporation Limited* (陽光人壽保險股份有限公司), a joint stock company established in the PRC with limited liability;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shanghai Aijian”	Shanghai Aijian Trust Co., Ltd.* (上海愛建信託有限責任公司);
“Shareholder(s)”	holder(s) of the Share(s);
“Shares”	share(s) of HK\$0.25 each in the share capital of the Company;
“sq.m.”	square meter(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Vendor”	Shanghai Jinshenglong Land Company Limited* (上海金盛隆置地有限公司), a company established in the PRC with limited liability and an indirect non-wholly-owned subsidiary of the Company; and
“%”	per cent.

\* *For identification purpose only*

*Unless otherwise specified in this announcement, translations of RMB into HK\$ are made in this announcement, for illustration only, at the rate of RMB1.00 to HK\$1.20. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at that rate or at any other rates or at all.*

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

Hong Kong, 25 November 2022

*As at the date of this announcement, the Company has (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.*