

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Boill Healthcare Holdings Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



## **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)**

**(1) VERY SUBSTANTIAL DISPOSAL  
IN RELATION TO THE DISPOSAL OF THE PROPERTY;  
AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Financial adviser to the Company**



**Lego Corporate  
Finance Limited**

力高企業融資有限公司

---

Capitalised terms used in this cover page shall have the meanings set out in the section headed “Definitions” of this circular.

A notice convening the EGM to be held at 9/F Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong on Monday, 19 December 2022 at 11:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular.

A proxy form is enclosed with this circular. Such proxy form is also published on the respective websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.boillhealthcare.com.hk](http://www.boillhealthcare.com.hk)). Irrespective of whether you are able to attend and vote at the EGM, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so desire.

#### **PRECAUTIONARY MEASURES FOR THE EGM**

To safeguard the health and safety of the Shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the EGM, including without limitation:

- Compulsory temperature checks and health declarations will be conducted.
- Wearing of face masks is compulsory at any time within the meeting venue and throughout the EGM.
- There will be no distribution of gifts and no refreshments.

Any person who does not comply with any of the precautionary measures may be denied entry into the meeting venue. Shareholders are encouraged to exercise their rights to vote at the EGM by appointing the chairman of the EGM as their proxy to vote on the relevant resolutions at the meeting as an alternative to attending the EGM in person.

---

## CONTENTS

---

	<i>Page</i>
<b>Precautionary measures for the EGM . . . . .</b>	1
<b>Definitions . . . . .</b>	3
<b>Letter from the Board . . . . .</b>	6
<b>Appendix I – Financial information of the Group . . . . .</b>	I-1
<b>Appendix II – Financial information of the Property . . . . .</b>	II-1
<b>Appendix III – Unaudited pro forma financial information of the Remaining Group . . . . .</b>	III-1
<b>Appendix IV – Valuation report of the Property . . . . .</b>	IV-1
<b>Appendix V – General information . . . . .</b>	V-1
<b>Notice of the EGM . . . . .</b>	EGM-1

---

## PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

---

To safeguard the health and safety of the Shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the EGM, including without limitation:

- Compulsory temperature checks will be conducted on every attendee at the entrance of the meeting venue. Any person with a body temperature of over 37.7 degrees Celsius will not be admitted to the meeting venue.
- Every attendee may be asked whether (a) he/she has travelled outside of Hong Kong within the 14-day period immediately before the EGM; and (b) he/she is subject to any Government-prescribed quarantine. Anyone who responds positively to any of these questions may be denied entry into the meeting venue or be required to leave the meeting venue.
- Every attendee must scan the “LeaveHomeSafe” QR code to record the visit and present the vaccination record pursuant to the “Vaccine Pass Direction” under the Prevention and Control of Disease (Vaccine Pass) Regulation (Chapter 599L of the Laws of Hong Kong) prior to entry into the meeting venue.
- Wearing of face masks is compulsory at any time within the meeting venue and throughout the EGM. Sufficient social distancing must be maintained among all attendees.
- There will be no distribution of gifts and no refreshments.

Any person who does not comply with any of the precautionary measures may be denied entry into the meeting venue, at the absolute discretion of the Company as permitted by law. **Shareholders are encouraged to exercise their rights to vote at the EGM by appointing the chairman of the EGM as their proxy to vote on the relevant resolutions at the meeting as an alternative to attending the EGM in person.**

The Company will closely monitor the development of COVID-19 and any other additional regulations or precautionary measures introduced or to be introduced by the Government in relation to COVID-19 and ensure that the EGM will be conducted in compliance with such regulations or measures. The Company may further implement any additional precautionary measures as and when necessary. Shareholders should check the Company’s website ([www.boillhealthcare.com.hk](http://www.boillhealthcare.com.hk)) for further announcements and updates on the arrangements, if any.

If any Shareholder chooses not to attend the EGM in person but has any question about any resolution or about the Company, or has any matter for communication with the Board, he/she is welcome to send such question or matter in writing to the Company’s head office and principal place of business in Hong Kong.

---

## **PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING**

---

If any Shareholder has any question relating to the EGM, please contact Tricor Investor Services Limited, the Company's branch share registrar in Hong Kong as follows:

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong  
Tel: 2980 1333

---

## DEFINITIONS

---

*In this circular, unless the context otherwise requires, the following terms shall 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 of 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;

---

## DEFINITIONS

---

“EGM”	the extraordinary general meeting of the Company to be held at 9/F Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong on Monday, 19 December 2022 at 11:00 a.m. for the purpose of considering and, if thought fit, approving, among other things, the Agreement and the transactions contemplated thereunder;
“Government”	government of Hong Kong;
“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;
“Latest Practicable Date”	25 November 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“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);

---

## DEFINITIONS

---

“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;
“Remaining Group”	the Group immediately after the Completion;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“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(s)”	share(s) with a par value 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.

*Unless otherwise specified in this circular, translations of RMB into HK\$ are made in this circular, 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.*

\* For identification purpose only

---

LETTER FROM THE BOARD

---



**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)**

*Executive Directors:*

Mr. Qiu Dongfang (*Chairman*)  
Mr. Zhang Sheng Hai  
Ms. Yu Yixing

*Non-executive Directors:*

Mr. Qiu Bin  
Mr. Chui Kwong Kau

*Independent non-executive Directors:*

Mr. Chan Chi Keung, Billy  
Mr. Wang Zhe  
Mr. Yi Baxian

*Registered office:*

Windward 3, Regatta Office Park  
PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

*Head office and principal place of  
business in Hong Kong:*

Room 2101  
21/F, Wing On Centre  
No. 111 Connaught Road Central  
Sheung Wan  
Hong Kong

30 November 2022

*To the Shareholders*

Dear Sir or Madam,

**(1) VERY SUBSTANTIAL DISPOSAL  
IN RELATION TO THE DISPOSAL OF THE PROPERTY;  
AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 25 November 2022 in relation to the Disposal.

The purpose of this circular is to provide you with, among other things, (i) further details of the Disposal; (ii) the financial information of the Group and the Property; (iii) the pro forma financial information of the Remaining Group upon Completion; (iv) the valuation report of the Property; and (v) the notice convening the EGM.



---

## LETTER FROM THE BOARD

---

### 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).

### 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:

- (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.

---

## LETTER FROM THE BOARD

---

### 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, the 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, which was taken as the starting point in determining the Consideration. The management of the Company has also considered other discounting factors of (i) the recent adverse property market conditions and sentiment in Shanghai, the PRC, which has hampered the demand of potential customers of the Property, and rendered it increasingly difficult for the Group to carry out any financing activities, or locate buyers for the Property, and (ii) the poor revenue generating capability and prospect of the Property, taking into account the continuous loss-making performance and slow growth in occupancy rate of the Property in recent years, as well as the construction process of the third phase of the Property, which is still in the review and development planning stage.

The Board is not optimistic that the demand for health preservation, elderly care and healthcare services and the occupancy rate of the Property will grow in the short run in light of the adverse market conditions of the PRC real estate market. Further, in consideration of the pressing liquidity needs of the Group to repay its outstanding indebtedness and the continuous loss-making performance, significant expenses and finance costs and the risk of greater potential further loss incurred from the Property, the Board is of the view that the Disposal at the Consideration is fair and reasonable and in the interest of the Company and its shareholders as a whole, notwithstanding the slight discount applied to the market value of the Property and the expected net loss on the Disposal, details of which are set out in the section headed "Financial effects of the Disposal" below. Please also refer to the section headed "Reasons for and Benefits of the Disposal" below for more details.

Details of the valuation report of the Property are set out in Appendix IV to this circular.

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*

---

## LETTER FROM THE BOARD

---

*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 to incentivize the Vendor to settle such corresponding amount of the remaining Construction Fees as soon as practicable) (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) (representing the approximate aggregate membership and/or rental fees, deposits and service fees paid by the Customers to the Vendor and Jinshenglong Health respectively in relation to the Property), 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 Performance Warranty is estimated to be RMB0 as the Company anticipates the Vendor shall have settled all Construction Fees prior to the payment of the Remaining Balance.

As at the Latest Practicable Date, the Deposit had not yet been paid by the Purchaser to the relevant escrow account.

---

## LETTER FROM THE BOARD

---

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. The Purchaser shall release an amount of the Performance Warranty (equivalent to the amount of the remaining Construction Fees settled by the Vendor) to the Vendor every two (2) calendar months after the date of payment of the Remaining Balance, until all remaining Construction Fees are settled by the Vendor.

### **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. The Company considers that such refund mechanism is fair and reasonable given that the Property would be sold to the Purchaser in its current state, and the quality and safety of the foundation works and main structures of the Property are essential to the utility and marketability of the Property.

#### *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

---

## LETTER FROM THE BOARD

---

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.

---

## LETTER FROM THE BOARD

---

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.

In relation to condition (v), as at the Latest Practicable Date, the Vendor had entered into one lease agreement with Jinshenglong Health dated 1 January 2020 (the “**Lease Agreement**”) in relation to the lease of all buildings erected on the site of the Property with a total gross floor area of approximately 38,535.08 sq.m. for accommodation and catering purposes, for the term commencing from 1 March 2020 to 31 December 2025. The termination of the Lease Agreement is to facilitate and simplify the transfer process of the Property from the Vendor to the Purchaser.

As at the Latest Practicable Date, none of the above conditions precedent had been fulfilled or waived.

### *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

---

## LETTER FROM THE BOARD

---

- (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 by and among Mr. Qiu and the Company as guarantors and the Purchaser.

---

## LETTER FROM THE BOARD

---

### 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 have been granted for a term of 40 years, which term is due to expire on 13 March 2048, for accommodation and catering uses. As at the Latest Practicable Date, the Property was 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 Latest Practicable Date, the first two phases of the resort, comprising of the 35 buildings in sub-paragraph (ii) of the section headed “Asset to be disposed of” above, had been completed, while the third phase of the resort was in the review and development planning stage and construction had 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 and the four months ended 31 July 2022:

	Year ended/ as at 31 March	Four months ended/ as at	
	2021	2022	31 July 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)
Revenue	11,762	11,566	2,648
Loss before income tax	100,938	742,390	86,211
Loss after income tax	100,938	742,390	86,211
Carrying amount	2,062,697	1,491,585	1,357,407

Details of the financial information attributable to the Property is set out in Appendix II to this circular.

### 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



---

## LETTER FROM THE BOARD

---

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 Latest Practicable Date, 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 was a third party independent of the Company and its connected persons; and (ii) there was, and in the past twelve months, there had 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 could 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 Latest Practicable Date, the Vendor was wholly owned by Anway Real Estate Limited, which in turn was 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 was indirectly owned as to 97.64% by Mr. Qiu and as to 2.36% by his spouse Ms. Huang.

### FINANCIAL EFFECTS OF THE DISPOSAL

#### Earnings

For the year ended 31 March 2022, the Group recorded an audited loss and loss attributable to equity holders of the Company for the year of approximately HK\$755.7 million and HK\$517.8 million, respectively. Based on the “Unaudited Pro Forma Financial Information of the Remaining Group” as set out in Appendix III to this circular, assuming the Completion had taken place on 31 March 2022, the unaudited

---

## LETTER FROM THE BOARD

---

pro forma consolidated loss and consolidated loss attributable to equity holders of the Company of the Remaining Group for the year ended 31 March 2022 would be approximately HK\$916.5 million and HK\$627.1 million, respectively.

It is expected that the Group would 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 of 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.

### Assets and liabilities

Following Completion, the assets and liabilities of the Property will no longer be consolidated into the consolidated financial statements of the Group. According to the annual report of the Company for the year ended 31 March 2022, the audited consolidated total assets and total liabilities of the Group as at 31 March 2022 were approximately HK\$3,494.8 million and HK\$3,243.6 million, respectively. Based on the "Unaudited Pro Forma Financial Information of the Remaining Group" as set out in Appendix III to this circular, assuming the Completion had taken place on 31 March 2022, the unaudited pro forma consolidated total assets and total liabilities of the Remaining Group as at 31 March 2022 would be approximately HK\$2,207.6 million and HK\$2,288.3 million, respectively.

### 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

---

## LETTER FROM THE BOARD

---

As at the Latest Practicable Date, 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 Latest Practicable Date, 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 Latest Practicable Date, the third phase of the Property was in the review and development planning stage and construction had 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

---

## LETTER FROM THE BOARD

---

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 change in circumstances, i.e. the outbreak of the coronavirus pandemic in the PRC which significantly slowed down the sales and occupancy rate of the Property and temporarily suspended the healthcare holiday resort development and operation business of the Group, coupled with the significant financial burden brought about by the Property and the difficulties of the Group in carrying out fundraising activities, has compromised the previous business plan of the Group in developing and operating the healthcare holiday resort. In turn, 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. The development of integrated industrial zones is categorized as part of the Company’s existing property development business, given the former’s proposed business model involves the same elements of property development, including the initial development and construction of land to an integrated industrial zone in accordance with its designated use, the sale and rental of the units or buildings of the land upon completion of the construction, and the provision of property management, operational and other value-added operational services to its buyers or tenants of the integrated industrial zone by 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 to, among others, buyers and tenants of its integrated industrial zones 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

---

## LETTER FROM THE BOARD

---

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. In relation to the Land, the Group will also further explore the integrated industrial zones in the Yangtze River Delta, and aim to provide target enterprise customers with one-stop integrated services from construction carrier, industrial supporting operation, fund investment to capital market exit.

As such, the development strategy of the Group in the development, construction, operation and investment in integrated industrial zones such as the Land illustrated the alignment and relevance of the long-term objectives of the Group in becoming a comprehensive industrial integration services provider with the existing property development and development and operation of integrated industrial zones businesses of the Group. Through the development and operation of integrated industrial zones as the starting point, which shall form the cornerstone of the Group’s existing property development business, the Group aims to gradually expand and develop the business of integrated industrial zones, and is confident to develop into an industry integration service operator with a first-class brand in the Yangtze River Delta of the PRC.

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.

As disclosed in the 2021/2022 Annual Report, in relation to the Group’s other existing business segment of foundation piling, the Group will continue to explore business opportunities to minimise the losses from such business, and to review various alternatives that are in the best interest of the Group and the Shareholders, including but not limited to the disposal of the business. Similarly, in relation to the Group’s securities investment business, the Group will continue to evaluate the performance of its existing

---

## LETTER FROM THE BOARD

---

investment portfolio, and to consider selling the existing listed securities gradually based on the market conditions. Such plans are ultimately subject to the various potential business opportunities and alternatives encountered and market conditions and the Company shall update the Shareholders as and when appropriate.

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.

### EGM

The EGM will be held at 9/F Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong on Monday, 19 December 2022 at 11:00 a.m. for the Shareholders to consider and, if thought fit, approve, 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, representing approximately 33.18% and 19.15% of the total number of issued Shares of the Company, 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.

As at the Latest Practicable Date, the Company was held as to approximately 33.18% by Boill International and 19.15% by Liyao. Mr. Huang was deemed to be interested in the 450,600,000 Shares held by Boill International and the 260,000,000 Shares held by Liyao as Boill International is a wholly-owned subsidiary of Boill Holding Group, which was in turn indirectly held as to 97.64% and 2.36% by Mr. Qiu and his spouse, Ms. Huang, respectively and Liyao is wholly-owned by Mr. Qiu. Save for Mr. Qiu, Ms.

---

## LETTER FROM THE BOARD

---

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.

The votes to be taken at the EGM in relation to the proposed resolutions will be taken by poll.

The notice of the EGM is set out on pages EGM-1 to EGM-3 of this circular. Irrespective of whether you are able to attend and vote at the EGM, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so desire.

### RECOMMENDATION

The Directors (excluding Mr. Qiu who has abstained from voting on the relevant Board resolutions but including the independent non-executive Directors) consider that the terms of the Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution in relation to the Agreement and the transactions contemplated thereunder to be proposed at the EGM.

### FURTHER INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,  
By order of the Board  
**Boill Healthcare Holdings Limited**  
**Qiu Dongfang**  
*Executive Director and Chairman*

**1. SUMMARY OF FINANCIAL INFORMATION**

The audited consolidated financial statements of the Group for the three years ended 31 March 2022 have been set out in the following documents which have been published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.boillhealthcare.com.hk](http://www.boillhealthcare.com.hk):

- (i) for the year ended 31 March 2020, on pages 61 to 192 of the annual report of the Company for the year ended 31 March 2020 published on 21 July 2020 at <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0721/2020072101044.pdf>
- (ii) for the year ended 31 March 2021, on pages 80 to 224 of the annual report of the Company for the year ended 31 March 2021 published on 20 July 2021 at <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0720/2021072000391.pdf>
- (iii) for the year ended 31 March 2022, on pages 87 to 224 of the annual report of the Company for the year ended 31 March 2022 published on 12 August 2022 at <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0812/2022081201172.pdf>

**2. SUFFICIENCY OF WORKING CAPITAL**

The Directors are of the opinion that, after taking into account the financial resources available to the Group, including internal resources, the net proceeds to be received from the Disposal and the existing credit facilities available, the Group has sufficient working capital for its requirements for at least the next 12 months from the date of this circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

**3. INDEBTEDNESS STATEMENT****(i) Bank and other borrowings and charges**

As at the close of business on 30 September 2022, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had aggregate outstanding interest-bearing and secured bank and other borrowings of approximately RMB1,491.3 million.

The secured borrowings of the Group as at 30 September 2022 were secured by: (i) the Group's leasehold land and buildings; (ii) certain of the Group's investment properties; (iii) the Group's properties under development; (iv) the Group's shares of an associate and certain subsidiaries; (v) personal guarantees given by Mr. Qiu and Ms. Huang; (vi) corporate guarantees provided by related companies controlled by Mr. Qiu; and (vii) ordinary shares of the Company held by the related companies controlled by Mr. Qiu.



**(ii) Other indebtedness and charges**

As at the close of business on 30 September 2022, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had outstanding indebtedness and charges as follows:

***Amounts due to related companies***

As at 30 September 2022, the Group had outstanding amounts due to related companies of approximately HK\$766.2 million, which were unsecured, interest free and repayable on demand. There is no guarantee on the amounts due to related companies. As at 30 September 2022, the Group had an outstanding amount due to a related company of approximately HK\$24.0 million, which was unsecured, bore interest at 5% per annum and repayable on demand.

***Lease obligations***

As at 30 September 2022, the Group, as a lessee, had total lease liabilities, primarily the rental payables for the Group's office premises of approximately HK\$0.2 million.

**(iii) Contingent liabilities and guarantees**

As at the close of business on 30 September 2022, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group provided financial guarantee in the amount of HK\$0.7 million to certain banks in respect of mortgage facilities provided for certain purchasers of the Group's properties in the PRC. Save as disclosed above, the Group did not have any contingent liabilities.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables, as at the close of the business on 30 September 2022, being the latest practicable date for the purpose of this statement of indebtedness prior to printing of this circular, the Group did not have any debt securities issued and outstanding, and authorized or otherwise created but unissued, or term loans or other borrowings or indebtedness in the nature of borrowing of the Group including bank overdrafts or liabilities under acceptances or acceptance credits or hire purchase commitments, or outstanding mortgages and charges, or contingent liabilities or guarantees.

**4. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the financial or trading position or prospects of the Group since 31 March 2022, being the date to which the latest audited consolidated financial statements of the Group were made up.

**5. FINANCIAL AND TRADING PROSPECTS**

Following the outbreak of COVID-19, economic development has been hampered by pandemic prevention and control measures. The real estate market in the PRC has also been adversely affected by COVID-19 and housing control policies implemented by the PRC government. As disclosed in the section

headed “Reasons for and benefits of the Disposal” in the “Letter from the Board” above, 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 the Disposal represents a valuable opportunity for the Group to enable the Group to be in a better financial position to pursue its business plan, and to refocus its resources to carry on and develop its core property development business in its normal and usual manner. The Board is confident 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.

Upon Completion, the Remaining Group will discontinue the healthcare holiday resort development and operation business. The business segments that the Remaining Group will be engaged in are (i) property development, with an emphasis on developing integrated industrial zones as the principal business of the Remaining Group, as well as (ii) foundation piling and (iii) securities investment.

**(i) Property Development**

In relation to residential property projects, the Remaining Group will continue to focus on the development and sales of the Yangzhong Project. It is planned under the Yangzhong Project that 12 buildings ranging from 6 to 34 storeys, with a total estimated gross floor area of approximately 173,457 sq.m. (exclusive of the basement with an aggregate gross area of approximately 31,065 sq.m.) for residential and commercial use, and 1,223 carparking spaces in basement one and basement two will be constructed.

In relation to integrated industrial zone projects, in line with the vigorous development trend of domestic strategic emerging industries, and taking into account the resources and advantages that the Company’s substantial shareholder, Boill Holding Group, has cultivated and accumulated over the years, which can be used to support the development of the Group, the Group has established the development strategy for the development, construction, operation and investment in integrated industrial zones focusing on biomedicine and artificial intelligence. As disclosed in the section headed “Reasons for and benefits of the Disposal” in the “Letter from the Board” above, the Group succeeded in bidding for the land use rights of the Land on 12 May 2021, which would be developed into an innovative hub and integrated industrial zone. The Remaining Group plans to construct 30 buildings ranging from 1 to 18 storeys, with a total estimated gross floor area of approximately 160,090 square meters for education, scientific research and design use, and 739 carparking spaces in the basement. The construction on the Land has commenced in September 2021 and is expected to be completed before April 2024.

As a starting point, the Remaining Group shall explore to provide target enterprise customers with one-stop integrated services from construction carrier, industrial supporting operation, fund investment to capital market exit in relation to the Land, so as to actively expand and develop its business of integrated industrial zones in the future. In the long run, leveraging on its experience and knowledge gained through the development and operation of integrated industrial zones, the Remaining 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.

Looking ahead, the Remaining Group will continue to look for opportunities to obtain premium land sites for industrial zone development through tender, auction and listing in the open market, and may form joint venture enterprises with other property developers in relation to such opportunities. The Remaining Group will also consider to expand its business by way of investment in property projects as and when opportunities arise.

**(ii) Foundation Piling**

The Remaining Group has ongoing foundation piling projects in both the public sector and the private sector in Hong Kong. The performance of the foundation industry has been adversely affected by the intense competition in the market, and it is expected that income from this segment will remain low and continue to suffer losses. The Board will continue to review the foundation piling business and the Remaining Group will continue to explore business opportunities to minimise the losses from the foundation piling business and to review various alternatives that are in the best interest of the Remaining Group and the Shareholders.

**(iii) Securities Investment**

As at the Latest Practicable Date, the Remaining Group's existing investment portfolio consisted of solely equity securities listed on the Stock Exchange. The Board will continuously evaluate the performance of the existing investment portfolio and will consider to sell the existing listed securities gradually based on the market situation and utilise the proceeds from the disposal for other future business.

Taking into account of the loss incurred for the foundation piling and securities investment business segments for the two financial years ended 31 March 2022 and the adverse impact brought by COVID-19, the Board will also review their business performance as a whole and make adjustments when necessary, including but not limited to reducing or discontinuing the Remaining Group's operations in such business segments and to focus on property development as the principal business of the Remaining Group.

**6. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP**

Set out below is the management discussion and analysis of the Remaining Group for the year ended 31 March 2022 ("**Year 2022**").

**Business Review**

The Group is an investment holding company. Its subsidiaries are principally engaged in property development, healthcare resort development and operation, foundation piling and investment securities. Upon Completion, the Remaining Group will discontinue the healthcare resort development and operation business and be principally engaged in property development, with an emphasis on developing integrated industrial zones as the principal business of the Remaining Group.

Set out below is the business review and segment information of the property development, foundation piling and investment securities businesses the Remaining Group has engaged in the Year 2022.

(i) *Property Development*

*Residential property project*

The Remaining Group has been engaging in the property development since November 2015 and 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 the Yangzhong Project. Under the Yangzhong Project, the Remaining Group plans to construct 12 buildings ranging from 6 to 34 storeys, with a total estimated gross floor area of approximately 173,457 sq.m. (exclusive of the basement with an aggregate gross area of approximately 31,065 sq.m.) for residential and commercial use, and 1,223 carparking spaces in basement one and basement two.

The Remaining Group recorded revenue of approximately HK\$1,002.7 million from the sales of 671 apartments and 14 shops for the Year 2022, representing an increase of approximately 397.6% as compared to approximately HK\$201.5 million from the sales of 128 apartments, 4 shops and 3 clubhouses for the year ended 31 March 2021 (“**Year 2021**”).

*Integrated industrial zone project*

On 12 May 2021, Shanghai Baoxian Industrial Co., Ltd (“**Shanghai Baoxian**”) succeeded in the bids of the land use rights of the Land, details of which are set out in the paragraph headed “Significant Investments, Material Acquisitions and Disposals” below.

The Remaining 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 Remaining Group plans to construct 30 buildings ranging from 1 to 18 storeys, with a total estimated gross floor area of approximately 160,090 sq.m. for education, scientific research and design use, and 739 carparking spaces in the basement. The construction on the Land has commenced in September 2021 and is expected to be completed before April 2024.

*(ii) Foundation Piling*

The Remaining Group undertakes foundation piling projects in both the public sector and the private sector in Hong Kong. Due to the keen competition in the foundation piling market, this segment did not contribute any revenue for the Year 2022 (Year 2021: approximately HK\$0.6 million).

Facing the intense competition in the foundation piling market and the adverse impact of COVID-19, the Remaining Group has been undergoing hardship and this segment has been recording loss continuously for the Year 2022 and Year 2021.

*(iii) Securities Investment*

As at 31 March 2022, the Remaining Group had equity instruments at fair value through profit or loss of approximately HK\$0.3 million (as at 31 March 2021: approximately HK\$2.2 million). All these investments were equity securities listed on the Stock Exchange.

For the Year 2022, the Remaining Group recorded a fair value loss of equity instruments at fair value through profit or loss of approximately HK\$1.9 million (Year 2021: approximately HK\$1.1 million).

**Operating Results**

For the Year 2022, the Remaining Group recorded revenue of approximately HK\$1,004.6 million, and loss after tax attributable to the Shareholders of approximately HK\$627.1 million.

The Remaining Group's revenue principally consisted of revenue from property development. During the Year 2022, the Remaining Group recorded revenue of approximately HK\$1,004.6 million, representing an increase by approximately 390.3% as compared to that of the Year 2021. In the Year 2022, the Remaining Group recorded property development income of approximately HK\$1,004.6 million, representing an increase by approximately 391.7% as compared to that of the Year 2021. In the Year 2022, no foundation piling income was recorded by the Remaining Group, representing a decrease by approximately 100% as compared to that of the Year 2021.

**Liquidity and Financial Resources**

As at 31 March 2022, the Remaining Group's net current assets and current ratio were approximately HK\$103.0 million and 106.7%, respectively. The Remaining Group's gearing ratio (calculated by the total interest-bearing bank and other borrowings divided by the total equity and then multiplied by 100%) was -968.9% as at 31 March 2022.

As at 31 March 2022, the Remaining Group's cash and cash equivalents amounted to approximately HK\$251.0 million.

**Pledge of assets**

As at 31 March 2022, the Remaining Group pledged its certain investment properties and properties under development in the amounts of approximately HK\$552.1 million and HK\$548.7 million respectively to secure the bank borrowings.

**Capital Structure**

For the Year 2022, the Remaining Group financed its liquidity requirements mainly through cash flows generated from operations and cash inflows from financing activities which principally came from banking and other credit facilities granted to the Remaining Group.

During the Year 2022, the Remaining Group arranged new long-term loans from a bank of approximately RMB569.6 million (equivalent to approximately HK\$702.5 million as at 31 March 2022), and arranged a new loan from an independent third party of approximately RMB45.0 million (equivalent to approximately HK\$55.5 million as at 31 March 2022) to ensure that the Remaining Group had sufficient facilities for its working capital needs. As at 31 March 2022, the Remaining Group's interest-bearing borrowings consisted of a loan from a related Company of approximately HK\$24.0 million and bank and other loans of approximately HK\$758.0 million. The maturity profile of the interest-bearing borrowings was approximately HK\$24.0 million (representing approximately 3.1% of total interest-bearing borrowings) due on demand, approximately HK\$55.5 million (representing approximately 7.1% of total interest-bearing borrowings) due within the second year, approximately HK\$127.6 million (representing approximately 16.3% of total interest-bearing borrowings) due within third to fifth years, and approximately HK\$574.9 million (representing approximately 73.5% of total interest-bearing borrowings) due after fifth year. The Remaining Group's interest-bearing borrowings bore interest at fixed rate ranging from 4% to 15% per annum for the Year 2022. All interest-bearing borrowings were mainly denominated in RMB and HK\$.

**Foreign exchange exposure**

The majority of the Remaining Group's assets and cash flows mainly were denominated in RMB. The Remaining Group's exposure to the risk of changes in foreign exchange rates relates primarily to its financial position and performance.

The Group did not engage in any hedging activities. The management of the Group will continue to closely monitor the foreign currency market and consider carrying out hedging activities when necessary.

**Contingent Liabilities**

As at 31 March 2022, the Remaining Group did not have any significant contingent liabilities.

**Future plans for material investments and acquisition of material capital assets**

The Remaining Group did not have any solid plans for material investments or acquisition of capital assets as at 31 March 2022.

**Significant Investments, Material Acquisitions and Disposals**

On 12 May 2021, Shanghai Baoxian succeeded in the bids of the land use rights of the land located at Plot 12A-01A, Industrial Comprehensive Development Zone, Fengxian District, the PRC, i.e. 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 at a consideration of RMB171,400,000. The consideration of RMB171,400,000 was financed by the Remaining Group's unsecured borrowings from a substantial shareholder and Hangzhou Huajianfeng Property Co., Ltd. which held 5% equity interest of Shanghai Baoxian. On the same day, Shanghai Baoxian entered into the confirmation with Shanghai Land Transaction Center confirming the successful bidding of the Land, and entered into the state-owned construction land use rights grant contract with Shanghai Fengxian District Planning and Natural Resource Bureau in relation to the acquisition of the land use rights of the Land (the "**Land Acquisition**"). Completion of the Land Acquisition took place on 2 July 2021. Please refer to the Company's announcement dated 12 May 2021 and circular dated 9 July 2021 for further details.

Save for the Land Acquisition as disclosed above, the Remaining Group did not make any significant investments, material acquisitions or disposals during the Year 2022.

**Employee and remuneration policy**

As at 31 March 2022, the Remaining Group had a total of 94 employees. The total staff cost including Directors' remuneration amounted to approximately HK\$19.4 million.

The remuneration schemes of the Remaining Group are generally structured with reference to market conditions and the qualifications of the employees and the reward packages, including discretionary bonus, for the staff are generally reviewed on an annual basis, depending on the staff's and the Remaining Group's performance. Apart from salary payments and contributions to the retirement benefit schemes and pension schemes, other staff benefits include participation in share option scheme and medical insurance for eligible employees. In-house and external training programs are also provided as and when required.

## A. UNAUDITED PROFIT OR LOSS STATEMENT OF THE PROPERTY

In accordance with Rule 14.68(2)(b)(i) of the Listing Rules, the unaudited profit and loss statement on the identifiable net income stream of the Property for the years ended 31 March 2020, 2021 and 2022 and the four months ended 31 July 2021 and 2022 respectively are set out below:

	Year ended 31 March			Four months ended 31 July	
	2020	2021	2022	2022	2021
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	2,883	11,762	11,566	2,648	4,582
Cost of sales	<u>(5,087)</u>	<u>(10,562)</u>	<u>(12,647)</u>	<u>(2,884)</u>	<u>(5,609)</u>
Gross (loss)/profit	(2,204)	1,200	(1,081)	(236)	(1,027)
Other income, gains/(losses), net	(3,349)	(2,275)	(967)	25	(1,265)
Selling and distribution expenses	(4,057)	(8,037)	(4,788)	(351)	(2,267)
Administrative and other expenses	(25,604)	(28,226)	(27,227)	(8,035)	(12,168)
Finance costs	(6,516)	(64,166)	(73,806)	(23,644)	(24,409)
(Impairment loss)/reversal of impairment loss on property, plant and equipment	(12,779)	4,556	(60,759)	(17,120)	–
Fair value loss on investment properties	<u>(54,891)</u>	<u>(3,990)</u>	<u>(573,762)</u>	<u>(36,850)</u>	<u>–</u>
Loss before income tax	<u>(109,400)</u>	<u>(100,938)</u>	<u>(742,390)</u>	<u>(86,211)</u>	<u>(41,136)</u>

The Company has engaged BDO Limited, the reporting accountants of the Company, to conduct the agreed-upon procedures engagement on the compilation of the unaudited profit or loss statement of the Property in accordance with the Hong Kong Standard on Related Services 4400 (Revised), Agreed-Upon Procedures Engagements, issued by the Hong Kong Certified Public Accountants. BDO Limited has (i) obtained the profit or loss statement of the Property for each of the years ended 31 March 2020, 2021 and 2022 and the four months ended 31 July 2021 and 2022 respectively (the “**Relevant Periods**”) (the “**Schedules**”) prepared by the management of the Company, and found the amounts in the Schedules to be arithmetically accurate; (ii) compared the revenue shown on the Schedules to the relevant amounts in the underlying ledger of the Vendor and its subsidiaries provided by the management of the Company for the Relevant Periods and found them to be in agreement; (iii) compared the aggregate amounts of other operating expense (income) shown on the Schedules to the aggregate amount of the relevant amounts in the underlying ledger of the Vendor and its subsidiaries provided by the management of the Company for the Relevant Periods and found them to be in agreement; and (iv) reported their factual findings based on the agreed-upon procedures to the Directors. Since the agreed-upon procedures were agreed by the Directors and BDO Limited and the findings on the agreed-upon procedures were reported solely for the information of the Directors, they should not be used or relied upon by any other parties for any other purposes.



**B. VALUATION OF THE PROPERTY**

The valuation report of the Property as at 30 September 2022 is disclosed in Appendix IV to this circular.

*The following is the text of a report from BDO Limited, the independent reporting accountants, in respect of the unaudited pro forma financial information of the Remaining Group as set out in this Appendix and prepared for the sole purpose of inclusion in this circular.*

**A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP****1. Introduction**

The unaudited pro forma financial information (the “Unaudited Pro Forma Financial Information”) presented below is prepared to illustrate (a) the net assets of the Remaining Group as if the Disposal had been completed on 31 March 2022; and (b) the profit or loss of the Remaining Group for the year ended 31 March 2022 as if the Disposal had been completed on 1 April 2021. This Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not purport to represent the true picture of the financial position of the Remaining Group as at 31 March 2022 or at any future date had the Disposal been completed on 31 March 2022 or the results of the Remaining Group for the year ended 31 March 2022 or for any future period had the Disposal been completed on 1 April 2021.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated statement of financial position of the Group as at 31 March 2022, the audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 March 2022 extracted from the audited consolidated financial statements of the Group for the year ended 31 March 2022 as set out in the 2022 published annual report of the Company, and the financial information of the Property after giving effect to the pro forma adjustments described in the notes to the Unaudited Pro Forma Financial Information and is prepared in accordance with Rules 4.29 and 14.68(2)(b)(ii) of the Listing Rules.

**APPENDIX III****UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE REMAINING GROUP****1. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF NET ASSETS OF THE  
REMAINING GROUP**

	<b>The Group as at 31 March 2022</b>	<b>Pro forma adjustments</b>	<b>The Remaining Group as at 31 March 2022</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Note 1</i>	<i>Note 2(a)</i>	
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	465,643	(460,958)	4,685
Investment properties	1,602,793	(1,030,627)	572,166
Interest in an associate	–	–	–
Right-of-use assets	<u>572</u>		<u>572</u>
Total non-current assets	<u>2,069,008</u>		<u>577,423</u>
<b>CURRENT ASSETS</b>			
Completed properties held for sale	62,978		62,978
Properties under development	1,122,003		1,122,003
Contract costs	3,797		3,797
Contract assets	510		510
Prepayments, deposits and other receivables	142,103		142,103
Equity instruments at fair value through profit or loss	328		328
Due from a related company	31		31
Tax recoverable	776		776
Restricted cash	46,702		46,702
Cash and cash equivalents	<u>46,516</u>	204,459	<u>250,975</u>
Total current assets	<u>1,425,744</u>		<u>1,630,203</u>

**APPENDIX III****UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE REMAINING GROUP**

	<b>The Group as at 31 March 2022</b>	<b>Pro forma adjustments</b>	<b>The Remaining Group as at 31 March 2022</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Note 1</i>	<i>Note 2(a)</i>	
<b>CURRENT LIABILITIES</b>			
Trade payables	292,390		292,390
Contract liabilities	304,307		304,307
Other payables and accruals	304,322	(41,932)	262,390
Due to related companies	783,934	(130,293)	653,641
Due to a director	285		285
Borrowings	783,022	(783,022)	–
Lease liabilities	673		673
Tax payables	13,538		13,538
	<u>2,482,471</u>		<u>1,527,224</u>
<b>NET CURRENT (LIABILITIES)/ ASSETS</b>	<u>(1,056,727)</u>		<u>102,979</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>1,012,281</u>		<u>680,402</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	757,984		757,984
Deferred tax liabilities	3,128		3,128
	<u>761,112</u>		<u>761,112</u>
<b>NET ASSETS/(LIABILITIES)</b>	<u>251,169</u>		<u>(80,710)</u>

**APPENDIX III**
**UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE REMAINING GROUP**
**2. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS OF  
THE REMAINING GROUP**

	The Group for the year ended 31 March 2022	Pro forma adjustments			The Remaining Group for the year ended 31 March 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Note 1</i>	<i>Note 2(b)</i>	<i>Note 3</i>	<i>Note 4</i>	
<b>REVENUE</b>	1,016,162		(11,566)		1,004,596
Cost of sales	<u>(907,740)</u>		12,647		<u>(895,093)</u>
Gross profit	108,422				109,503
Other income and (losses) or gains, net	(1,491)		967		(524)
Selling and distribution expenses	(19,422)		4,788		(14,634)
Administrative and other expenses	(59,666)		7,551	19,676	(32,439)
Impairment loss on property, plant and equipment	(60,759)			60,759	-
Fair value (loss)/gain on investment properties, net	(570,405)			573,762	3,357
Fair value loss on equity instruments, net	(1,850)				(1,850)
Loss on disposal of the Property	-	(903,186)			(903,186)
Share of result from an associate	(17,721)				(17,721)
Finance costs	<u>(121,889)</u>		73,806		<u>(48,083)</u>
<b>LOSS BEFORE TAX</b>	(744,781)				(905,577)
Income tax expense	<u>(10,954)</u>				<u>(10,954)</u>
<b>LOSS FOR THE YEAR</b>	<u><u>(755,735)</u></u>				<u><u>(916,531)</u></u>
<b>LOSS FOR THE YEAR ATTRIBUTABLE TO:</b>					
Owners of the Company	(517,798)	(614,166)	59,971	444,854	(627,139)
Non-controlling interests	<u>(237,937)</u>	(289,020)	28,222	209,343	<u>(289,392)</u>
	<u><u>(755,735)</u></u>				<u><u>(916,531)</u></u>

Notes to the Unaudited Pro Forma Financial Information:

- The amounts are extracted from the audited consolidated financial statements of the Group set out in the published annual report of the Company for the year ended 31 March 2022.
- These pro-forma adjustments represented:

According to the sale and purchase agreement dated 25 November 2022 (the “Agreement”) in relation to the healthcare holiday resort situated at Hill 13/9, Block 26, Sheshan Town, Songjiang District, Shanghai, the PRC (the “Property”) entered into between 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 (the “Vendor”) and Sunshine Life Insurance Corporation Limited (the “Purchaser”), the Purchaser has agreed to acquire the Property at the consideration of RMB1,185,000,000 (equivalent to approximately HK\$1,422,000,000) from the Vendor. The consideration is settled by cash through five instalments.

- The net cash received from the Disposal, assuming the Disposal had taken place on 31 March 2022, computed as follows:

	<i>Note</i>	<i>HK\$'000</i>
Total consideration		1,422,000
Less:		
Repayment of the outstanding mortgage loans of the Property as at 31 March 2022		(783,022)
Repayment of the outstanding construction fee of the Property as at 31 March 2022	<i>(i)</i>	(158,746)
Repayment of Settled Customer Amount as at 31 March 2022		
– Under fixed-term membership	<i>(ii)</i>	(13,479)
– Under lifetime membership	<i>(ii)</i>	(44,849)
Estimated PRC taxes arising from the Disposal		(202,992)
Estimate professional expenses arising from the Disposal		(2,453)
Estimated compensation and litigation fee for Settled Customer Amount and Unresolved Customer Amount arising from the Disposal		<u>(12,000)</u>
Net cash received		<u><u>204,459</u></u>

- The Group shall use the Second payment of the consideration to repay the unsettled or unpaid construction fee of HK\$158,746,000 in relation to the Property, in which approximately HK\$28,453,000 and HK\$130,293,000 of the payables are recorded as “Other payables and accruals” and “Due to related companies” as at 31 March 2022. Up to 31 March 2022, approximately HK\$130,293,000 of the construction fee was paid by the related companies on behalf of the Group.
- The Group has two types of rental and membership agreements, fixed-term membership and lifetime membership. All customers are required to make full payment at inception.

The fixed-term membership was classified as an operating lease. The rental received in advance for the remaining term of the rental and membership agreement in the amount of HK\$13,479,000 was recorded as “Other payables and accruals” as at 31 March 2022.

**APPENDIX III****UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE REMAINING GROUP**

The lifetime membership was classified as a finance lease since the lease term is the major part of the economic life of the underlying property even if a title is not transferred. As at 31 March 2022, the Group would buy back the underlying properties from the customers in a consideration of HK\$44,849,000.

The estimated loss from the Disposal, assuming the Disposal had taken place on 31 March 2022:

	<i>HK\$'000</i>
Total consideration	<u>1,422,000</u>
Less:	
Carrying amount of the Property as at 31 March 2022	(1,491,585)
– Investment properties	(1,030,627)
– Property, plant and equipment	(460,958)
Repayment of Settled Customer Amount as at 31 March 2022	
– Under lifetime membership	(44,849)
Estimated PRC taxes arising from the Disposal	(202,992)
Estimated professional expenses arising from the Disposal	(2,453)
Estimated compensation and litigation fee for Settled Customer Amount and Unresolved Customer Amount arising from the Disposal	<u>(12,000)</u>
Estimated loss from the Disposal	<u><u>(331,879)</u></u>

(b) The estimated loss from the Disposal, assuming the Disposal had taken place on 1 April 2021:

	<i>HK\$'000</i>
Total consideration	<u>1,422,000</u>
Less:	
Carrying amount of the Property as at 1 April 2021	(2,062,697)
Investment properties	(1,545,091)
Property, plant and equipment	(517,606)
Repayment of Settled Customer Amount as at 1 April 2021	
– Under lifetime membership	(45,044)
Estimated PRC taxes arising from the Disposal	(202,992)
Estimated professional expenses arising from the Disposal	(2,453)
Estimated compensation and litigation fee for Settled Customer Amount and Unresolved Customer Amount arising from the Disposal	<u>(12,000)</u>
Estimated loss from the Disposal	<u><u>(903,186)</u></u>

3. These adjustments represent the exclusion of results of the Property for the year ended 31 March 2022 as if the Disposal had been completed on 1 April 2021.
4. These adjustments represent the reversal of the depreciation, impairment loss and fair value loss on the Property for the year ended 31 March 2022 assuming the Disposal being completed on 1 April 2021.
5. The above adjustments are not expected to have a continuing effect on the unaudited pro forma consolidated statement of profit or loss of the Remaining Group.



*The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong.*

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

Tel : +852 2218 8288  
Fax: +852 2815 2239  
[www.bdo.com.hk](http://www.bdo.com.hk)

25<sup>th</sup> Floor Wing On Centre  
111 Connaught Road Central  
Hong Kong

電話 : +852 2218 8288  
傳真 : +852 2815 2239  
[www.bdo.com.hk](http://www.bdo.com.hk)

香港干諾道中111號  
永安中心25樓

**To the directors of Boill Healthcare Holdings Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Boill Healthcare Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purpose only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of net assets as at 31 March 2022 and the unaudited pro forma consolidated statement of profit or loss for the year ended 31 March 2022 and related notes (the “Unaudited Pro Forma Financial Information”) as set out on pages III-1 to III-7 of the circular issued by the Company dated 30 November 2022 (the “Circular”), in connection with the proposed disposal of the healthcare holiday resort situated at Hill 13/9, Block 26, Sheshan Town, Songjiang District, Shanghai, the PRC (the “Property”) (the “Proposed Disposal”) by the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages III-1 to III-7.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Proposed Disposal on the Group’s financial position as at 31 March 2022 and the Group’s financial performance for the year ended 31 March 2022 as if the Proposed Disposal had taken place at 31 March 2022 and 1 April 2021 respectively. As part of this process, information about the Group’s financial position as at 31 March 2022 and financial performance for the year ended 31 March 2022, has been extracted by the Directors from the Group’s consolidated financial statements for the year ended 31 March 2022, on which an audit report has been issued.

**Directors’ Responsibility for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applied Hong Kong Standard on Quality Control 1 “Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants’ Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or a review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the unaudited pro forma financial information included in a Circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the entity as if the event had occurred or transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Disposal at 31 March 2022 or 1 April 2021 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

**BDO Limited***Certified Public Accountants*

Hong Kong

30 November 2022

*The following is the text of a letter and valuation report from Graval Consulting Limited, the independent property valuer, in respect of its valuation of the Property as at 30 September 2022 as set out in this Appendix and prepared for the sole purpose of inclusion in this circular.*



Graval Consulting Limited  
Suites 2401-02, 24/F,  
Shui On Centre, 6-8 Harbour Road,  
Wanchai, Hong Kong

30 November 2022

The Board of Directors  
Boill Healthcare Holdings Limited  
Room 2101, 21/F, Wing On Centre,  
No.111 Connaught Road Central,  
Hong Kong

Dear Sirs and Madams,

Re: Valuation of Boill Fu Chun Sheshan, No. 1 Sheyuan Road, Songjiang District, Shanghai City, the People's Republic of China (中華人民共和國上海市松江區佘苑路1號保集富樁佘山) ("the **Property**")

## INSTRUCTIONS

We refer to your instruction for us to value the property interests held by Boill Healthcare Holdings Limited (the "**Company**") or its subsidiaries (together referred as the "**Group**") located in the People's Republic of China (the "**PRC**"). We confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property in existing state as at 30 September 2022 (the "**Valuation Date**") for the purpose of incorporation into the circular issued by the Company on the date hereof.

This letter which forms part of our valuation report explains the basis and methodology(ies) of valuation, clarifying assumptions, valuation considerations, title investigations and limiting conditions of this valuation.

**BASIS OF VALUATION**

The valuation is our opinion of the market value (“**Market Value**”) which is defined by the Hong Kong Institute of Surveyors as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion”.

**VALUATION METHODOLOGY(IES)**

In valuing the completed portions of the Properties, we have adopted the market approach. The market approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available. This approach rests on the wide acceptance of the market transactions or proposed transactions as the best indicator and pre-supposes that evidence of relevant transactions or proposed transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

**VALUATION STANDARDS**

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards 2020 Edition published by the Hong Kong Institute of Surveyors (“**HKIS**”), the RICS Valuation – Global Standards (Effective on 31 January 2022) published by the Royal Institution of Chartered Surveyors (“**RICS**”) and the International Valuation Standards (“**IVS**”) published by International Valuation Standards Council (IVSC) effective on 31 January 2022.

**TITLE INVESTIGATION**

We have been shown copies of various documents relating to the property interest. However, we have not examined the original documents to verify the existing title to the property interest or any amendment which does not appear on the copies handed to us. We have relied considerably on the information given by the Group’s PRC legal advisers, Zhenghan Law Firm, concerning the validity of the title to the property interest located in the PRC.

**AREA MEASUREMENT AND INSPECTION**

Due to the COVID-19 pandemic and the prevailing containment measures in the PRC, we are not able to carry out physical inspection of the Property recently. Our Mr. Lawrence Chan (MRICS MHKIS RPS(GP) MCIREA MHIREA RICS Registered Valuer) inspected the Property on 16 May 2019 and latest photo of the Property were provided by the Company on 17 May 2022. In the course of our inspections, we did not note any serious structural defects. However, no structural survey has been made and we are therefore unable to report whether the Property is free from rot infestation or any other defects. No tests were carried out on any of the services. Moreover, we have not carried out investigations on site to determine the suitability of the ground conditions and the services etc., for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and no extraordinary expenses or delay will be incurred during the development period.

In light of the city-wide lockdown imposed by the Shanghai government since February 2022 and the prevailing quarantine measures in the PRC due to the COVID-19 pandemic, it has created substantial practical difficulties to carry out physical inspection of the Property recently. As such, the Company is of the view that the inspection performed on the Property is fair and reasonable, notwithstanding the inspection of the Property was carried out in 16 May 2019. Photos of the Property were also provided by the Company on 17 May 2022 to reflect its latest status.

We have not carried out detailed on-site measurement to verify the correctness of the areas in respect of the Property but have assumed that the areas shown on the documents handed to us are correct. All dimensions, measurements and areas are approximate.

We have not carried out investigation to determine the suitability of the ground conditions or the services for any property developments to be erected thereon. Our valuation is on the basis that these aspects are satisfactory and that no extraordinary expense or delay will be incurred during the construction period. Moreover, it is assumed that the utilization of the land and improvements will be within the boundaries of the sites held by the owner or permitted to be occupied by the owner. In addition, we assumed that no encroachment or trespass exists, unless noted in the valuation report.

#### **VALUATION ASSUMPTION**

Our valuations have been made on the assumption that the owner sells the Property in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of the Property.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interest or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interest is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

All consents, approvals and license from relevant government authorities for the property interest have been granted without any onerous conditions or undue time delay which might affect their values. All the required licenses, consents, or other legislative or administrative authority from any local, provincial, or national government, private entity or organization either have been or can be obtained or renewed for any use which the valuation report covers.

All applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined, and considered in the valuation report. However, we have assumed that the utilization of the property interest and improvements are within the boundaries of the property interest described and that no encroachment or trespass exists, unless noted in the valuation report.

#### **LIMITING CONDITIONS**

We have relied to a considerable extent on information provided by the Group and accepted advices given to us on such matters, in particular, but not limited to tenure, planning approvals, statutory notices, easements, particulars of occupancy, size and floor areas and all other relevant matters in the identification of the Property.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material fact has been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assured unless otherwise stated, defined and considered in the valuation report.

As at the Valuation Date, we continue to be faced with an unprecedented set of circumstances caused by Novel Coronavirus (COVID-19) and an absence of relevant/sufficient market evidence on which to base our judgements. Our valuation of the Property is therefore reported as being subject to “material valuation uncertainty” as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards (Effective 31 January 2022).

Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. For the avoidance of doubt this explanatory note, including the “material valuation uncertainty” declaration, does not mean that the valuation cannot be relied upon. Rather, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the Valuation Date. We do not accept responsibility or liability for any losses arising from such subsequent changes in value. Given the valuation uncertainty noted, we recommend that the user(s) of this report review this valuation periodically.

## **REMARKS**

Unless otherwise stated, all money amounts stated are in Renminbi (RMB). The exchange rate adopted in valuing the property interest in the PRC as at the Valuation Date was RMB1.00 to HK\$1.20. There has been no significant fluctuation in the exchange rate for this currency against Hong Kong Dollars between that date and the date of this letter.

The English transliteration of the Chinese name(s) in this valuation report, where indicated by an asterisk (\*), is included for information purposes only, and should not be regarded as the official English name(s) of such Chinese name(s).

We enclose herewith our valuation report.

Yours faithfully,

For and on behalf of

**Graval Consulting Limited**

**Lawrence Chan Ka Wah**

*MRICS MHKIS RPS(GP) MCIREA MHIREA MHKIM*

*RICS Registered Valuer*

Partner

**Analysed and reported by: Cris K.L. Chan**

Assistant Manager

*Mr. Lawrence Chan Ka Wah is a member of the Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors, Registered Professional Surveyors in the General Practice Section, a RICS Registered Valuer and a member of the China Institute of Real Estate Appraisers and Agents, who has over 18 years' experience in the valuation of properties in Hong Kong, Macau, the PRC and the Asia-Pacific Region. Lawrence joined Graval Consulting Limited in 2020.*

*Mr. Cris K.L. Chan was graduated from The University of Hong Kong who has over 14 years' experience in the valuation of property in Hong Kong, Macau, the PRC and the Asia-Pacific Region. Cris joined Graval Consulting Limited in 2020.*



## VALUATION REPORT

## Property held by the Group in the PRC for investment purpose

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2022
Baoji Fu Chun Sheshan, No. 1 Sheyuan Road, Songjiang District, Shanghai City, the PRC	<p>The Property has a total site area of approximately 150,601.6 sq.m. and is developed in three phases.</p> <p>Phase 1 of the Property comprises three single to 2-storey commercial and ancillary buildings with a total gross floor area of approximately 3,975.01 sq.m. (exclusive of a single-storey basement with a total gross floor area of approximately 150.1 sq.m.) completed in 2018.</p> <p>Phase 2 of the Property comprises eighteen single-storey villas and twelve 3-storey apartment buildings with a total gross floor area of approximately 34,560.07 sq.m. (inclusive of a single-storey basement car park with a total gross floor area of approximately 3,770.02 sq.m.) completed in 2019.</p> <p>Phase 3 of the Property will be developed into twenty-eight 3-storey apartment buildings with a total gross floor area of approximately 38,527.37 sq.m., subject to review by the Company.</p> <p>The land use rights of the Property were granted for a term of 40 years commencing on 14 March 2008 and expiring on 13 March 2048 for lodging and catering uses.</p>	<p>Phases 1 and 2 of the Property were partially vacant and partially occupied for residential use as at the Valuation Date.</p> <p>Phase 3 of the Property was a clear site as at the Valuation Date.</p>	<p>RMB1,210,300,000 (equivalent to approximately HK\$1,452,360,000)</p>

*Notes:*

1. Pursuant to a Shanghai City State Owned Land Use Rights Grant Contract (Contract No. Hu Song Fang Di (2008) Chu Rang He Tong No.7) dated 14 March 2008, the land use rights of the Property with a total site area of approximately 150,601.6 sq.m. were granted to Anway Real Estate Limited\* 英威房地產有限公司 for a term of 40 years commencing on the date of contract for lodging and catering uses. The salient development condition(s) stated are as below:

Plot Ratio : Not more than 5,000 sq.m. per hectare

Total Gross Floor Area : Not more than 75,300.8 sq.m.

Site Coverage : Not more than 35%

Greenery Ratio : Not less than 45%

The construction of the Property has to commence within 180 days from the date of contract and completed within 30 months from the date of commencement of construction.

2. Pursuant to 2 Real Estate Ownership Certificates, the land use rights of the Property with a total site area of approximately 150,601.6 sq.m. were granted to Shanghai Jinshenglong Land Company Limited\* 上海金盛隆置地有限公司 (“**Shanghai Jinshenglong**”) for a term commencing on 14 March 2008 and expiring on 13 March 2048 for lodging and catering uses.

Moreover, as stipulated in the Real Estate Ownership Certificates, the ownership of the buildings of Phases 1 and 2 of the Property with a total gross floor area of approximately 38,535.08 sq.m. (inclusive of a single-storey basement car park with a total gross floor area of approximately 3,770.02 sq.m.) were vested in Shanghai Jinshenglong. The details are as follows:

<b>Real Estate Ownership Certificates (Document Nos.)</b>	<b>Approximate Gross Floor Area (sq.m.)</b>	<b>Date of Certificates</b>
Hu (2019) Song Zi Bu Dong Chan Quan No. 004636	3,975.01	28 January 2019
Hu (2019) Song Zi Bu Dong Chan Quan No. 044394	34,560.07	7 November 2019
Total:	38,535.08	

3. As advise by the Company, 3 villas with a total gross floor area of approximately 291.97 sq.m. and 17 apartment units with a total gross floor area of approximately 1,179.35 sq.m. were assigned to various members for the remaining term of the land use rights of the Property for a total consideration of RMB46,952,483.

3 apartment units with a total gross floor area of approximately 208.72 sq.m. were assigned to various members for various terms with the latest expiry date on 31 December 2035 for a total consideration of RMB4,140,000.

19 apartment units with a total gross floor area of approximately 1,302.5 sq.m. were assigned to various members on monthly or annual basis for a total annual rental of RMB1,790,000.

The remaining portions of the Property were vacant as at the Valuation Date.

4. According to information provided by the Company, the incurred construction cost and estimated total construction cost (exclusive of land cost) for Phase 3 of the Property are RMB16,202,665 and RMB257,297,514 respectively. The development proposal for Phase 3 of the Property is under review by the Company and the development is pending as at the Valuation Date.

5. For indicative purpose, the market value of Phase 3 of the Property after completion is RMB963,200,000 (equivalent to approximately HK\$1,155,840,000) by assuming the development of the Property has been completed in accordance with the development proposal as at the Valuation Date.
6. Our Mr. Lawrence Chan (MRICS MHKIS RPS(GP) MCIREA MHIREA RICS Registered Valuer) inspected the Property on 16 May 2019 and latest photos of the Property were provided by the Company on 17 May 2022 the external and internal conditions of the Property were reasonable.
7. The Property is situated along Sheyuan Road in Sheshan Town of Shanghai City, buildings in the locality are low to high-rise residential/commercial buildings. Shanghai Metro Dongjing Station is about 10-minute driving distance from the Property. Taxis and buses are accessible to the Property.
8. The unit rate of commercial properties in the locality as at the Valuation Date is in the range of RMB20,000 per sq.m. to RMB60,000 per sq.m.
9. Shanghai Jinshenglong is a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company which owns the entire interest of the Property.
10. We have been provided with a legal opinion on the Property prepared by the Company's PRC legal adviser, Zhenghan Law Firm, which contains, inter alia, the following information:
- (a) Shanghai Jinshenglong is the owner of the Property and is entitled to transfer, use, lease and mortgage the Property;
  - (b) the Property is subject to a mortgage in favour of Shanghai Aijian Trust Company Limited\* 上海愛建信託有限責任公司 to secure a loan amount of RMB600,000,000 for a term commencing on 27 March 2020 and expiring on 26 March 2022. As advised by the Company, the actual loan amount received from the Mortgagee is RMB400,000,000. The remaining loan amount of RMB200,000,000 is subject to further approval from the Mortgagee, which is not yet granted as at the date of the PRC Legal Opinions;
  - (c) pursuant to a supplementary agreement to the mortgage stated in Note 10(b), the expiry date of the mortgage is extended to 27 August 2023;
  - (d) the development of Phase 3 of the Property was not commenced and completed in accordance with the State Owned Land Use Rights Grant Contract and is subject to enforcement actions and remedies imposed by the government;
  - (e) the Property is free from any mortgages, charges and legal encumbrances which may cause adverse effects on the ownership of the Property, save and except the mortgage stated in Note 10(b);
  - (f) the agreements stated in Note 3 are legally binding; and
  - (g) the following legal documents were obtained:

<i>Legal Documents</i>	<i>Phase 1</i>	<i>Phase 2</i>	<i>Phase 3</i>
Construction Land Planning Permit	Yes	Yes	Yes
Construction Work Planning Permit	Yes	Yes	Yes
Construction Work Commencement Permit	Yes	Yes	No
Construction Work Completion Certificate	Yes	Yes	No

**A. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**B. DISCLOSURE OF INTERESTS****Interests of the Directors and chief executive of the Company**

As at the Latest Practicable Date, save as disclosed below, none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in the Shares or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 of the Listing Rules;

<b>Name</b>	<b>Capacity</b>	<b>Long/short position</b>	<b>Number of Shares held</b>	<b>Approximate percentage of shareholding in the Company</b> <i>(Note 2)</i>
Mr. Qiu	Interest in controlled corporation <i>(Note 1)</i>	Long position	710,600,000	52.33%

*Notes:*

- Such interest in Shares was held by Mr. Qiu as described in note 2 under the sub-section headed "Interests of the substantial shareholders of the Company" in this appendix.
- The percentage of shareholding was calculated based on 1,358,000,000 Shares, being the total number of issued ordinary shares of the Company as at the Latest Practicable Date.

### Interests of the substantial shareholders of the Company

As at the Latest Practicable Date, so far as the Directors were aware of and having made due enquiries, the following persons (other than the Directors or chief executive of the Company) had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity	Long/short position	Number of Shares held	Approximate percentage of shareholding in the Company (Note 3)
China Huarong Asset Management Co., Ltd.* (中國華融資產管理股份有限公司) (“China Huarong Asset”)	Interest in controlled corporation (Note 1)	Long position	710,600,000	52.33%
China Huarong International Holdings Limited (“China Huarong International”)	Person having a security interest in shares (Note 1)	Long position	710,600,000	52.33%
Boill International	Beneficial owner (Note 2)	Long position	450,600,000	33.18%
Shanghai Jiafu Investment Co., Ltd* (上海佳富投資有限公司) (“Shanghai Jiafu”)	Interest in controlled corporation (Note 2)	Long position	450,600,000	33.18%
Boill Holding Group	Interest in controlled corporation (Note 2)	Long position	450,600,000	33.18%
Liyao	Beneficial owner (Note 2)	Long position	260,000,000	19.15%
Mr. Cai Weijie	Beneficial owner	Long position	83,238,000	6.13%

*Notes:*

- On 31 December 2021, Boill International and Liyao pledged 450,600,000 and 260,000,000 Shares in favour of China Huarong International as security for the Loan Facility. Accordingly, China Huarong International was deemed to be interested in the 450,600,000 Shares held by Boill International and the 260,000,000 Shares held by Liyao as at the Latest Practicable Date. As China Huarong International

was controlled as to 15.16% by Huarong Zhiyuan Investment & Management Co., Ltd., a 100%-controlled entity of China Huarong Asset and 84.84% by China Huarong Asset, China Huarong Asset was also deemed to be interested in the Shares that China Huarong International was interested in.

2. As at the Latest Practicable Date, Boill International was wholly-owned by Boill Holding Group, which in turn was held as to 10.95%, 1.22% and 87.83% by Mr. Qiu, Ms. Huang and Shanghai Jiafu, an entity held as to 98.7% and 1.3% by Mr. Qiu and Ms. Huang, respectively. As such, Boill Holding Group was held as to 97.64% and 2.36% by Mr. Qiu and Ms. Huang, respectively. Ms. Huang is the spouse of Mr. Qiu. Liyao is wholly-owned by Mr. Qiu. Accordingly, Mr. Qiu was deemed to be interested in the 450,600,000 Shares held by Boill International and the 260,000,000 Shares held by Liyao.
3. The percentage of shareholding was calculated based on 1,358,000,000 Shares, being the total number of issued ordinary shares of the Company as at the Latest Practicable Date.

Save as disclosed above, the Directors were not aware of any other person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

As at the Latest Practicable Date, save that Mr. Qiu Dongfang is a director of each of Boill International and Liyao, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### C. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business of the Group) have been entered into by the Group within two years immediately preceding the date of this circular, which are or may be material to the Group as a whole:

- (i) the Agreement;
- (ii) the agreement dated 12 May 2021 entered into between Shanghai Baoxian Industrial Co., Ltd.\* (上海保賢實業有限公司), a wholly-owned subsidiary of the Company and Shanghai Fengxian District Planning and Natural Resource Bureau\* (上海市奉賢區規劃和自然資源局), in relation to the bidding of land use rights of the Land at a consideration of RMB171,400,000 (equivalent to approximately HK\$205,680,000); and
- (iii) the conditional sale and purchase agreement dated 24 July 2020 entered into between the Company and Boill International, in relation to the acquisition of the entire issued share capital of Set Flourish Ventures Limited by the Company from Boill International at a consideration of HK\$157,700,000.

**D. DIRECTOR'S INTERESTS IN CONTRACTS AND ARRANGEMENTS/ASSETS**

As at the Latest Practicable Date:

- (i) none of the Directors was materially interested in, directly or indirectly, in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group; and
- (ii) none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to, any member of the Group since 31 March 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**E. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which was not determinable by the Group within one year without payment of compensation other than statutory compensation.

**F. COMPETING INTERESTS**

As at the Latest Practicable Date, so far as the Directors were aware of, none of the Directors nor their respective close associates had any interest in any business or interest, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

**G. LITIGATION**

As at the Latest Practicable Date, no member of the Group was involved in any litigation or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

**H. EXPERTS' CONSENTS AND QUALIFICATIONS**

The following are the qualifications of the experts who have given opinions, letters or advices which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
BDO Limited	certified public accountants
Graval Consulting Limited	independent property valuer

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its opinion, letter or advice (as the case may be) and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of the above experts did not have any shareholding in any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it had any direct or indirect interest in any assets which have been, since 31 March 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

**I. GENERAL**

- (i) The registered office of the Company is situated at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.
- (ii) The Company's head office and principal place of business in Hong Kong is situated at Room 2101, 21/F, Wing On Centre, No. 111 Connaught Road Central, Hong Kong.
- (iii) The Company's branch share registrar and transfer office in Hong Kong is Tricor Investor Services Limited situated at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (iv) The company secretary of the Company is Mr. Ng Kam Ming, who is a member of The Hong Kong Institute of Certified Public Accountants and has complied with all the required qualifications, experience and training requirements of the Listing Rules.
- (v) In case of inconsistency, the English text of this circular shall prevail over the Chinese text.

**J. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the respective websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.boillhealthcare.com.hk](http://www.boillhealthcare.com.hk)) for a period of not less than 14 days from the date of this circular:

- (i) the Agreement;
- (ii) the reports issued by BDO Limited in connection with the unaudited pro forma financial information of the Remaining Group, the text of which are set out in Appendix III to this circular;
- (iii) the valuation report from Graval Consulting Limited, the text of which is set out in Appendix IV to this circular;
- (iv) the written consents referred to under the section headed "Experts' consents and qualifications" in this appendix; and
- (v) this circular.



---

## NOTICE OF EGM

---



### 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)**

#### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**EGM**”) of Boill Healthcare Holdings Limited (the “**Company**”) will be held at 9/F Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong on Monday, 19 December 2022 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

**“THAT:**

- (a) the sale and purchase agreement dated 25 November 2022 entered into between Shanghai Jinshenglong Land Company Limited\* (上海金盛隆置地有限公司) (the “**Vendor**”) and Sunshine Life Insurance Corporation Limited\* (陽光人壽保險股份有限公司) (the “**Purchaser**”) in relation to the disposal of 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) by the Vendor (the “**Agreement**”) (a copy of which has been produced to the EGM marked “A” and initialled by the chairman of the EGM for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one of the directors of the Company be and is hereby authorised to do all such acts and things and to execute all such documents for and on behalf of the Company as such director of the Company may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 30 November 2022

---

## NOTICE OF EGM

---

*Registered office:*  
Windward 3  
Regatta Office Park  
PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

*Head office and principal place of  
business in Hong Kong:*  
Room 2101, 21/F  
Wing On Centre  
No. 111 Connaught Road Central  
Hong Kong

*Notes:*

1. A proxy form for use at the EGM is enclosed.
2. Any member of the Company entitled to attend and vote at the EGM convened by the above notice shall be entitled to appoint person as his/her proxy to attend and vote instead of him/her. A member who is the holder of two or more shares of the Company (the “Share(s)”) may appoint more than one proxy to represent him/her and vote on his/her behalf at the EGM. A proxy need not be a member of the Company. On a poll, votes may be given either personally or by proxy.
3. The proxy form shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised on its behalf.
4. Where there are joint registered holders of any Shares, any one of such persons may vote at the above EGM or any adjournment thereof (as the case may be), either personally or by proxy, in respect of such Share as if he/she were solely entitled thereto; but if more than one of such joint holders are present at the above EGM personally or by proxy, one of the said persons so present whose name stands first on the register of members of the Company in respect of such Share shall alone be entitled to vote in respect thereof.
5. In order to be valid, the proxy form together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company’s branch registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be).
6. No proxy form shall be valid after the expiration of 12 months from the date of its execution, except at an adjourned meeting or on a poll demanded at a meeting or an adjourned meeting in a case where the meeting was originally held within 12 months from such date.
7. Delivery of the proxy form shall not preclude a shareholder from attending and voting in person at the EGM and, in such event, the proxy form shall be deemed to be revoked.
8. In order to establish entitlements to attend and vote at the EGM, the register of members of the Company will be closed from 14 December 2022 to 19 December 2022, both days inclusive, during which period no transfer of Shares will be registered. All transfers of Shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the Company’s branch share registrar and transfer office 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 13 December 2022. Shareholders of the Company (the “Shareholders”) whose names appear on the register of members of the Company on 19 December 2022 will be entitled to attend and vote at the EGM.
9. If tropical cyclone warning signal number 8 or above or “extreme conditions” caused by super typhoon, or a black rainstorm warning signal is in effect any time and remains in force 2 hours before the time of the EGM, the EGM will be postponed. The Company will publish an announcement on the website of the Company at <http://www.boillhealthcare.com.hk> and the website of the Stock Exchange at <http://www.hkexnews.hk> to notify Shareholders of the date, time and place of the rescheduled meeting.

---

## NOTICE OF EGM

---

### 10. PRECAUTIONARY MEASURES FOR THE EGM

To safeguard the health and safety of the Shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the EGM, including without limitation:

- Compulsory temperature checks and health declarations will be conducted.
- Wearing of face masks is compulsory at any time within the meeting venue and throughout the EGM.
- There will be no distribution of gifts and no refreshments.

Any person who does not comply with any of the precautionary measures may be denied entry into the meeting venue. Shareholders are encouraged to exercise their rights to vote at the EGM by appointing the chairman of the EGM as their proxy to vote on the relevant resolutions at the meeting as an alternative to attending the EGM in person.

*As at the date of this notice, 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.*

\* *For identification purpose only*