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## **Boill Healthcare Holdings Limited**

**保集健康控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1246)**

### **INSIDE INFORMATION INVOLVING LEGAL PROCEEDINGS MAJOR TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO FINANCIAL ASSISTANCE**

This announcement is made by Boill Healthcare Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

#### **INSIDE INFORMATION INVOLVING LEGAL PROCEEDINGS**

The board (the “**Board**”) of directors of the Company (the “**Directors**”) announces that during the course of preparing the Company’s consolidated financial statement for the year ended 31 March 2024, it was found that a bank account of 上海保賢實業有限公司 (Shanghai Baoxian Company Limited, “**Shanghai Baoxian**”) has been frozen as a result of an application for property preservation made by Shanghai Fengxian Lvdi Microfinance Company Limited (上海奉賢綠地小額貸款股份有限公司, the “**Lender**”) to the People’s Court of Fengxian District, Shanghai City (上海市奉賢區人民法院) (the “**Court**”) due to the breach of the terms of a guarantee agreement dated 14 March 2023 (the “**Guarantee**”) entered into by Shanghai Baoxian (together with 保集控股集團有限公司 (Baoji Holding Group Company Limited, “**Baoji Holding**”), 裘東方 (Qiu Dongfang, “**Mr. Qiu**”) and 黃堅 (Huang Jian, “**Ms. Huang**”) as guarantors (together, the “**Guarantors**”) in favor of the Lender to secure the repayment obligations of 上海顧臻實業有限公司 (Shanghai Guzhen Company Limited, the “**Borrower**”) under a loan agreement dated 14 March 2024 (the “**Loan Agreement**”) entered between the Lender and the Borrower.

## **MAJOR TRANSACTION AND CONNECTED TRANSACTION IN RESPECT PROVISION OF FINANCIAL ASSISTANCE**

As disclosed above under the section headed "Inside Information involving Legal Proceedings" above, during the course of preparing the Company's consolidated financial statement for the year ended 31 March 2023, it was found that Shanghai Baoxian executed the Guarantee in favor of the Lender to secure the repayment obligations of the Borrower under the Loan Agreement for a principal amount of up to RMB55 million.

### **The Loan Agreement**

Principal terms of the Loan Agreement are as below:

Date: 14 March 2023

Parties:

- (i) the Borrower, held as to 93.872% by Baoji Holding
- (ii) the Lender

Maximum loan amount: RMB 55 million

Interest rate: 18% per annum

Term: 14 March 2023 to 14 March 2024

The loan principal amount drawn down by the Borrower under the Loan Agreement was RMB37 million.

### **The Guarantee**

On 14 March 2023, Shanghai Baoxian, an indirectly non-wholly owned subsidiary of the Company, together with other Guarantors entered into the Guarantee in favor of the Lender, pursuant to which each of the Guarantors agreed to irrevocably and jointly guarantee the repayment obligation of the Borrower under the Loan Agreement.

Principal terms of the Guarantee are as below:

Date: 14 March 2023

Parties:

- (i) the Lender

- (ii) Shanghai Baoxian (a subsidiary of the Company)
- (iii) Mr. Qiu (the chairman and an executive Director, and a controlling shareholder of the Company)
- (iv) Ms. Huang (the spouse of Mr. Qiu)
- (v) Baoji Holding (directly and indirectly owned as to 86.83% by Mr. Qiu)

Scope of guarantee: The loan for a principal amount of not more than RMB55 million granted by the Lender to the Borrower under the Loan Agreement and the interest, default interest, penalty, compound interest, liquidated damages, compensation, expenses for realisation of loan. The expenses for realisation of loan include but are not limited to assessment fees, valuation fees, auction fees, litigation costs, notarial fees, legal fees, etc.

Term: 14 March 2023 to 14 March 2024

There was no interest or collateral provided by the Borrower to Shanghai Baoxian for the provision of the Guarantee by Shanghai Baoxian to the Lender under the Guarantee.

As the Borrower has been in default of its repayment obligation upon expiry of the term of the loan, the Lender sued the Borrower and the Guarantors. On 19 February 2024, the Court handed down a judgment that the Borrower should repay all outstanding loan amount and unpaid interests in the sum of approximately RMB 39 million within 10 days after the judgment becoming effective, and the Guarantors should be jointly liable. As such, upon the Borrower's further default of the judgment requirements, the Lender applied for property preservation to the Court in respect of RMB39 million and the bank account of Shanghai Baoxian with a bank balance of RMB13,736,432.74 was frozen since 7 March 2024.

### **Impact on the Company**

Shanghai Baoxian is an indirect non-wholly owned subsidiary of the Company primarily engaged in property management in the PRC. The Company is seeking for legal advice in relation to the judgment and freezing of bank account of Shanghai Baoxian, and will continue its assessment of the impact of the legal proceedings and freezing of the bank account on the business operations of the Group.

Further, Boill International Co., Limited and Liyao Investment Limited, which are ultimately controlled by Mr. Qiu and are substantial shareholders of the Company with an interest in approximately 52.33% of the issued share capital of the Company in aggregate, have agreed to indemnify the Company against any actual losses which it may suffer if Shanghai Baoxian is required to pay any amount to the Lender in respect of the legal proceedings.

The Directors are of the opinion that the Indemnity will reduce the adverse impact that the freezing of the bank account of Shanghai Baoxian may have on the overall financial position of the Group.

## **INFORMATION RELATING TO THE GROUP, SHANGHAI BAOXIAN, THE LENDER AND THE BORROWER**

### **Information relating to the Group and Shanghai Baoxian**

The Company is an investment holding company incorporated in the Cayman Islands with limited liability. Its subsidiaries are principally engaged in property development, including the sale of properties, sales of construction materials and provision of property management services. Shanghai Baoxian is an indirectly non-wholly owned subsidiary of the Company and principally engaged in [property management in the PRC].

### **Information relating to the Lender**

The Lender is a company established in the PRC with limited liability and is principally engaged in the money lending business in the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Lender and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

### **Information relating to the Borrower**

The Borrower is a company established in the PRC with limited liability and is principally engaged in property construction. As at the date of entering into of the Loan Agreement and the date of this announcement, the Borrower is owned as to 93.872% by Baoji Holding which was in turn directly and indirectly owned as to 86.83% by Mr. Qiu, an executive Director and one of the controlling shareholders of the Company, therefore, the Borrower is a connected person of the Company under the Listing Rules.

## **LISTING RULES IMPLICATIONS**

The entering into of the Guarantee by Shanghai Baoxian to secure the repayment obligations of the Borrower under the Loan Agreement constitutes a provision of financial assistance by the Group to the Borrower. Given that the highest applicable percentage ratio in relation to the Guarantee exceeds 25% but is not more than 100%, the transactions contemplated under the Guarantee constitutes a major transaction for the Company and is subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Mr. Qiu is an executive Director and one of the controlling shareholders of the Company and therefore is a connected person of the Company within the meaning of the Listing Rules. As at the date of entering into of the Guarantee and date of this announcement, the Borrower was owned as to 93.872% by Baoji Holding which was in turn directly and indirectly owned as to 86.83% by Mr. Qiu, therefore, the Borrower is a connected person of the Company under the Listing Rules. The transactions contemplated under the Guarantee constitutes a connected transaction for the Company and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

However, due to misinterpretation of the Listing Rules and in particular the scope of financial assistance and guarantee under Chapters 14 and 14A of the Listing Rules, the Company failed to comply with (i) the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules; and (ii) the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in a timely manner at the relevant time of the entering into of the Guarantee.

As the Guarantee constituted a major and connected transaction of the Company under the Listing Rules, it required the approval of the independent shareholders of the Company which the Company failed to obtain. However, it may have become impractical for the Company to convene an extraordinary general meeting for the independent shareholders of the Company to ratify the Guarantee since the Court has already ruled that the Guarantee shall be enforceable against the Guarantors including Shanghai Baoxian.

The Company was not aware of such non-compliance of the Listing Rules until recently in the course of preparing the Company's consolidated financial statements for the year ended 31 March 2024. The Directors take such incidents of non-compliance with the Listing Rules seriously. To avoid occurrence of similar incidents in the future, the Company will adopt remedial measures to strengthen the relevant internal control procedures of the Group.

## **REMEDIAL MEASURES**

### **Indemnity and confirmation by the Controlling Shareholders**

Boill International Co., Limited ("**Boill International**") (a substantial shareholder of the Company holding approximately 33.18% shareholding in the Company) and Liyao Investment Limited ("**Liyao**") (a substantial shareholder of the Company holding approximately 19.15% shareholding in the Company) (Boill International and Liyao, together the "**Indemnifiers**") have agreed to indemnify the Company against any actual losses which it may suffer if Shanghai Baoxian is required to pay any amount to the Lender in respect of the legal proceedings.

The Indemnifiers also confirm that to the knowledge of the Indemnifiers and Mr. Qiu (the Indemnifiers and Mr. Qiu, together the "**Controlling Shareholders**"), save for the Guarantee, the Company and/or any of its subsidiaries have not provided any other guarantees for the debts of any third party (i.e. any other company, individual or entity other than the Company and its subsidiaries) ("**External Guarantees**") that have not been released (the "**Outstanding Guarantees**"). In addition, the Indemnifiers undertake that (i) if Shanghai Baoxian repays any amounts to the Lender in relation to the Guarantee (such amount, "**Repaid Amount**"), the Company is entitled to set off such Repaid Amount against the payables due from the Company and/or its subsidiary to the Controlling Shareholders (or any entity that is more than 50% controlled by the Controlling Shareholders); (ii) the Indemnifiers shall indemnify the Company for any actual losses suffered by the Company due to any of the Outstanding Guarantees; and (iii) if the Controlling Shareholders become aware of any new External Guarantee proposed to be entered into by the Company and/or its subsidiaries, the Controlling Shareholders shall use its reasonable endeavors to procure the reporting of such External Guarantee to the Board.

## **Other Remedial Measures**

The Directors take such incidents of non-compliance with the Listing Rules seriously, and regrets the Company's failure to comply with the relevant provisions of the Listing Rules. To avoid any occurrence of similar incidents in the future, the Company will adopt the following remedial measures to strengthen the relevant internal control procedures of the Group.

(i) provide further guidance materials and training to the Directors and all senior managers of the Group (“**Relevant Personnel**”) regarding definition of a transaction and proper calculation of percentage ratios to strengthen and reinforce their existing knowledge with respect to the classification and compliance requirements for notifiable and connected transactions under the Listing Rules;

(ii) an internal memo will be issued to all the Directors and Relevant Personnel that the connected transaction requirements under Chapter 14A of the Listing Rules and the notifiable transaction requirements under Chapter 14 of the Listing Rules must be strictly complied with and they shall keep the Company informed of any transactions which may involve connected person(s) of the Company;

(iii) enhancing the Group's internal control system by, including but not limited to, (a) providing the Relevant Personnel with a list of the connected persons of the Company on a regular basis and making timely updates; (b) requiring pre-approval of the Board for any transactions with connected persons; (c) monitoring the monthly transactions with connected persons to ensure better coordination and report of connected transactions among various business units of the Company which are responsible for reporting, monitoring and handling connected transactions; and

(iv) further review the existing internal control procedures of the Company to identify any deficiencies of the internal control policies of the Company and seek recommendations from professional parties on how to enhance the monitoring and effectiveness of the implementation of the internal control policies on connected transaction monitoring and reporting to ensure that current and future transactions will be conducted in compliance with the applicable requirements under Listing Rules and the relevant rules and regulations.

*\* For identification purposes only*

**Shareholders of the Company and other investors are reminded to exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 28 June 2024

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