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**EVERGRANDE HEALTH  
INDUSTRY GROUP**

**EVERGRANDE HEALTH INDUSTRY GROUP LIMITED**

**恒大健康產業集團有限公司**

*(a company incorporated in Hong Kong with limited liability)*

**(Stock code: 708)**

**MAJOR TRANSACTION IN RELATION TO  
THE PROPOSED DISPOSAL OF THE 90.01% EQUITY INTEREST IN  
NEW MEDIA GROUP LIMITED AND SHAREHOLDER'S LOAN DUE TO  
RIGHT BLISS LIMITED**

**THE DISPOSAL**

The Board announces that on 26 September 2017 (after trading hours), the Purchaser and the Vendor, a wholly-owned subsidiary of the Company, have entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares and the Sale Loan.

The principal business activities of the Disposal Group include book and magazine publishing, digital business, copyright holding and licensing business. Upon Completion, the Disposal Group will cease to be subsidiaries of the Company.

**LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction of the Company and is subject to the announcement, circular and Shareholders' approval requirements under the Chapter 14 of the Listing Rules.

## **WRITTEN SHAREHOLDER'S APPROVAL**

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders have a material interest in the Disposal and the transactions contemplated thereunder and therefore no Shareholder is required to abstain from voting if a general meeting were to be convened for the approval of the Disposal and the transactions contemplated thereunder. The Company intends to obtain written Shareholder's approval from the Controlling Shareholder for approving the Disposal and the transactions contemplated thereunder in lieu of holding a general meeting of the Company in accordance with Rule 14.44 of the Listing Rules.

In the event that the Company is unable to obtain the written Shareholder's approval from the Controlling Shareholder, a general meeting of the Company will be convened as soon as practicable at which ordinary resolution(s) will be proposed for the Shareholders to consider and, if thought fit, approve the Disposal and the transactions contemplated thereunder.

## **GENERAL**

The Circular containing, among other things, further information on the Sale and Purchase Agreement and any other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 19 October 2017.

**Shareholders and potential investors of the Company should be aware that the Disposal and the transactions contemplated thereunder are subject to certain conditions being satisfied, and consequently the Disposal may or may not proceed. Accordingly, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## **THE DISPOSAL**

The Board announces that on 26 September 2017 (after trading hours), the Purchaser and the Vendor, a wholly-owned subsidiary of the Company, have entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares and the Sale Loan. The terms of the Sale and Purchase Agreement are set out below:

### **The Sale and Purchase Agreement**

Date: 26 September 2017 (after trading hours)

#### **Parties:**

- (1) Vendor: Right Bliss Limited, a company incorporated in BVI with limited liability and is wholly-owned by the Company
- (2) Purchaser: Future Blossom Limited, a company incorporated in BVI and is indirectly wholly-owned by AY Holdings

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner(s) is an Independent Third Party.

#### **Subject matter**

Pursuant to the Sale and Purchase Agreement, the Vendor shall dispose of the Sale Shares i.e. 9,001 ordinary shares in the Disposal Target, representing 90.01% equity interests in the Disposal Target, and the Sale Loan, representing the entire loan due and payable by the Disposal Target to the Vendor as at Completion.

#### **Consideration**

The aggregate consideration for the Sale Shares and Sale Loan is HK\$63,000,000, which was determined after arm's length negotiation between the Purchaser and the Vendor after considering (i) the historical financial performance of the Disposal Group until 31 August 2017; (ii) the reasons for the Disposal as discussed in the section headed "Reasons for and the benefits of the Disposal" in this announcement; (iii) the unaudited carrying amount of the Sale Shares of approximately HK\$18.48 million as at 31 August 2017 (being 90.01% of the net asset value of the Disposal Group); and (iv) the unaudited carrying amount of the loan due from the Disposal Target to the Vendor of approximately HK\$55.57 million as at 31 August 2017 and that the loan is an interest-free loan with no fixed repayment date.

The consideration shall be payable and settled by the Purchaser to the Vendor (or its nominee(s)) at Completion in cash by automated transfer in immediately available funds to such account as may be designated by the Vendor before the Completion or such other payment method(s) as directed by the Vendor on Completion.

### **Conditions precedent**

Completion of the Disposal is subject to the following conditions precedent having been fulfilled or waived (as the case may be):

- (a) the approval of the Sale and Purchase Agreement and the transactions contemplated thereunder by Shareholders in accordance with the Listing Rules (if applicable);
- (b) the dispatch of circular by the Company in relation to the transaction contemplated under the Sale and Purchase Agreement in accordance with the Listing Rules (if applicable);
- (c) there being no material adverse change from 31 August 2017 up to and including the date of Completion;
- (d) the Vendor's warranties, representations and undertakings under the Sale and Purchase Agreement remaining true and accurate and not misleading in all material respect as of the Completion Date by reference to the facts and circumstances subsisting as at the Completion Date; and
- (e) where necessary, the obtaining of all necessary approvals, authorisations or consents in Hong Kong, BVI or elsewhere in relation to the transactions contemplated under the Sale and Purchase Agreement.

If the above conditions have not been fulfilled or (if applicable) waived by the Purchaser (conditions (a) and (e) to the extent it relates to governmental approvals, authorisations or consents are not waivable) on or before the Long Stop Date or such later date as the Purchaser and the Vendor may agree, the Sale and Purchase Agreement shall cease and determine. In such event, neither party shall have any obligations nor liabilities to each other save for any antecedent breaches of the terms in the Sale and Purchase Agreement.

### **Completion**

Completion shall take place within five Business Days after all the conditions to Completion have been fulfilled or waived (as the case may be) or such later date as may be agreed between the Purchaser and the Vendor.

## INFORMATION ON THE DISPOSAL GROUP

The principal business activities of the Disposal Group include book and magazine publishing, digital business, copyright holding and licensing business. As of the date of this announcement, the Disposal Target is an indirect and non-wholly-owned subsidiary of the Company. The unaudited net asset value of the Disposal Group is approximately HK\$20.54 million as at 31 August 2017.

Set out below is the audited financial information of the Disposal Group for the 18 months ended 31 December 2015 and for the year ended 31 December 2016 respectively:

	<b>For the year ended 31 December 2016 (HK\$'000)</b>	<b>For the 18 months ended 31 December 2015 (HK\$'000)</b>
Revenue	279,015	581,980
Profit before taxation	4,700	116,905
Profit after taxation	4,335	116,917

### *Notes:*

1. On 29 June 2016, the Company disposed of its 100% shareholding in New Monday Publishing Limited, a company principally engaged in the publication of the magazine “New Monday” (a subsidiary of the Disposal Group before its disposal), to an Independent Third Party. The financial information of New Monday Publishing Limited before such disposal has been consolidated in the financial information of the Disposal Group above.
2. The financial year end date of the Company has been changed from 30 June to 31 December with effect from 6 July 2015. As such, the audited financial statements of the Group for 31 December 2015 covers 18-month period from 1 July 2014 to 31 December 2015.

## INFORMATION OF THE PURCHASER

The Purchaser is an investment holding company and is indirect wholly-owned by AY Holdings which is an investment holding company holding various investments under the AY Trust, of which Dr. Albert Yeung is the founder.

## INFORMATION ON THE REMAINING GROUP

The principal business activities of the Remaining Group include “Internet+” community health management, international hospitals, elderly care and rehabilitation, medical cosmetology and anti-aging.

The Remaining Group proactively implements the national strategy of “Healthy China”, and sets its corporate vision as “establishing a healthcare service system centered on the general public, and committing itself to providing comprehensive healthcare services covering the whole treatment cycle through a complete and sustainable model”. The Remaining Group aims to establish a healthcare system with high-level clinical diagnosis and therapy and quality hospital experiences, and to develop internationally leading healthcare services and products so as to meet the healthcare needs of the general public, thus actively facilitating the development of the healthcare industry in the PRC through disease prevention to achieve lower incidence of disease.

## **FINANCIAL EFFECT OF THE DISPOSAL ON THE REMAINING GROUP**

Upon Completion, the Company will cease to hold any interest in the Disposal Group and each member of the Disposal Group will cease to be a subsidiary of the Company. The financial results of the Disposal Group will no longer be consolidated in the accounts of the Remaining Group.

Based on the consideration of HK\$63 million, and taking into account of (i) the unaudited carrying amount of the Sale Shares and the amount of loan due from the Disposal Target to the Vendor of approximately HK\$18.48 million (being 90.01% of the net asset value of the Disposal Group) and HK\$55.57 million respectively as at 31 August 2017; and (ii) the professional fees to be incurred, it is estimated that, upon Completion, the Remaining Group will record a loss on disposal of approximately HK\$12 million. However, the actual gain or loss as a result of the Disposal will still depend on, among other things, the then net asset value of the Disposal Group and the carrying amount of the loan due from the Disposal Target to Vendor as at the Completion Date.

## **PROPOSED USE OF PROCEEDS**

The Company intends to use a majority portion of the net proceeds of the Disposal for repayment of the existing indebtedness of the Group and the remaining portion for general working capital purpose.

## **REASONS FOR AND THE BENEFITS OF THE DISPOSAL**

The Group primarily operates in two business segments, media business and healthcare business. The Board considers that the Disposal will enable the Company to focus on its strategy and to optimize its financial structure. As mentioned in the annual report of the Company for year ended 31 December 2016, the media segment has been pressured with uncertain economic conditions and competitive markets challenges. The Directors have been constantly reviewing the business and aiming to strive for the best interests for the Company and the Shareholders.

In view of the increasingly challenging and uncertain business environment in the media segment, the Directors believe that the terms of the Sale and Purchase Agreement (including the consideration) are fair and reasonable. The Remaining Group will actively explore other fields in the healthcare industry, striving to provide all-rounded and full life-cycle health services for the public and facilitate the development of the healthcare industry in the PRC.

In view of the above, the Directors consider the entering of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

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### **WRITTEN SHAREHOLDER'S APPROVAL**

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders have a material interest in the Disposal and the transactions contemplated thereunder and therefore no Shareholder is required to abstain from voting if a general meeting were to be convened for the approval of the Disposal and the transactions contemplated thereunder. The Company intends to obtain written Shareholder's approval from the Controlling Shareholder for approving the Disposal and the transactions contemplated thereunder in lieu of holding a general meeting of the Company in accordance with Rule 14.44 of the Listing Rules. The Controlling Shareholder is interested in 6,479,550,000 Shares, representing approximately 74.99% of the issued shares of the Company as at the date of this announcement.

In the event that the Company is unable to obtain the written Shareholder's approval from the Controlling Shareholder, a general meeting of the Company will be convened as soon as practicable at which ordinary resolution(s) will be proposed for the Shareholders to consider and, if thought fit, approve the Disposal and the transactions contemplated thereunder.

## GENERAL

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**Shareholders and potential investors of the Company should be aware that the Disposal and the transactions contemplated thereunder are subject to certain conditions being satisfied, and consequently the Disposal may or may not proceed. Accordingly, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

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

“AY Holdings”	Albert Yeung Holdings Limited, a company incorporated in BVI, the ultimate controlling shareholder of the Purchaser, which is beneficially owned by AY Trust;
“AY Trust”	The Albert Yeung Discretionary Trust, a discretionary trust set up by Dr. Albert Yeung;
“Board”	the board of directors of the Company;
“Business Day”	a day (excluding Saturday, Sunday and public holiday in Hong Kong) on which commercial banks are generally open for banking business in Hong Kong;
“BVI”	British Virgin Islands;
“China Evergrande Group”	China Evergrande Group, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3333);
“Circular”	the circular to be issued by the Company in accordance with the Listing Rules in respect of the Disposal and the transactions contemplated thereunder;
“Controlling Shareholder”	Acelin Global Limited, a company incorporated in the BVI and is holding 6,479,550,000 Shares as of the date of this announcement, and a wholly-owned subsidiary of China Evergrande Group;



“Company”	Evergrande Health Industry Group Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 708);
“Completion”	the completion of the Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement;
“Completion Date”	the date when Completion takes place;
“Directors”	the directors of the Company;
“Disposal”	the disposal of the Sale Shares and Sale Loan by the Vendor in accordance with the terms of the Sale and Purchase Agreement;
“Disposal Group”	the Disposal Target and its subsidiaries;
“Disposal Target”	New Media Group Limited, which is incorporated in BVI and is owned as to 90.01% by the Vendor;
“Dr. Albert Yeung”	Dr. Yeung Sau Shing, Albert;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	the lawful currency of Hong Kong;
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Long Stop Date”	31 December 2017 or such other date as the Vendor and the Purchaser may agree;

“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Purchaser”	Future Blossom Limited, a company incorporated in BVI and is an indirect wholly-owned subsidiary of AY Holdings;
“Remaining Group”	the Group other than the Disposal Group;
“Share(s)”	ordinary share(s) of the Company;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 26 September 2017 and entered into between the Purchaser and the Vendor, in relation to, among other things, the sale and purchase of the Sale Shares and Sale Loan;
“Sale Loan”	entire shareholder’s loan outstanding from the Disposal Target to the Vendor as at Completion Date;
“Sale Shares”	9,001 ordinary shares of US\$1.00 each in the share capital of the Disposal Target, representing 90.01% of the issued share capital of the Disposal Target;
“Shareholder(s)”	holder(s) of the issued Share(s);
“Vendor”	Right Bliss Limited, a wholly-owned subsidiary of the Company; and
“%”	per cent.

Yours faithfully,  
By Order of the Board  
**Evergrande Health Industry Group Limited**  
**Tan Chaohui**  
*Chairlady*

Hong Kong, 26 September 2017

*As at the date of this announcement, the executive directors of the Company are Ms. Tan Chaohui and Mr. Han Xiaoran; and the independent non-executive directors of the Company are Mr. Chau Shing Yim, David, Mr. Guo Jianwen and Mr. Xie Wu.*