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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)**

**CONNECTED TRANSACTION  
NANJING EVERGRANDE ELDERLY CARE VALLEY PROJECT**

**NANJING EVERGRANDE ELDERLY CARE VALLEY PROJECT**

The Board announces that, on 7 April 2020, Nanjing Hengkang, Evergrande Life and the Project Company entered into the Investment Agreement, pursuant to which Nanjing Hengkang agreed to make capital contribution to the Project Company by way of cash and the Contributed Assets; and Evergrande Life agreed to make capital contribution in an aggregate amount of RMB1.4 billion in cash to the Project Company, for acquisitions of land use rights of the relevant Land Parcels, constructions-in-progress and/or subsequent development and construction works of the Project Company.

**LISTING RULES IMPLICATIONS**

Following completion of the Investment, the equity interests in the Project Company held by Nanjing Hengkang will be diluted from 100% to 53%; and following Project Completion, the equity interests in the Project Company held by Nanjing Hengkang will be diluted from 53% to 17%. Pursuant to Rule 14.29 of the Listing Rules, the decrease in equity interests in the Project Company held by Nanjing Hengkang will constitute deemed disposals of the Project Company. Pursuant to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio (as calculated in accordance with Rule 14.07 of the Listing Rules) in respect of the transactions under the Investment Agreement is less than 5%, the transactions under the Investment Agreement are exempt from the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, China Evergrande is the ultimate controlling shareholder of the Company. China Evergrande is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Evergrande Life is a wholly-owned subsidiary of China Evergrande and therefore Evergrande Life is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Investment Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as calculated in accordance with Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Investment Agreement is more than 0.1% but less than 5%, the transactions contemplated under the Investment Agreement is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but exempt from the circular and independent shareholders' approval requirements.

As the Guarantee constitutes financial assistance provided by a connected person of the Company for the benefit of the Group which is on normal commercial terms or better where no security over the assets of the Group is granted, the Guarantee is exempt from the reporting, announcement, annual review and independent shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

As Mr. CHAU Shing Yim David, an independent non-executive Director of the Company, is also an independent non-executive Director of China Evergrande, the Company considers that Mr. CHAU Shing Yim David has material interest in the Guarantee and the transactions contemplated thereunder. Accordingly, Mr. CHAU Shing Yim David has abstained from voting on the relevant resolutions of the Board. Save as disclosed above, no other Director has a material interest in the Investment Agreement, the Guarantee and the transactions contemplated thereunder and therefore no other Director has abstained from voting on the relevant Board resolutions.

## **NANJING EVERGRANDE ELDERLY CARE VALLEY PROJECT**

The Board announces that, on 7 April 2020, Nanjing Hengkang, Evergrande Life and the Project Company entered into the Investment Agreement, pursuant to which Nanjing Hengkang agreed to make capital contribution to the Project Company by way of cash and the Contributed Assets; and Evergrande Life agreed to make capital contribution in an aggregate amount of RMB1.4 billion in cash to the Project Company, for acquisitions of land use rights of the relevant Land Parcels, constructions-in-progress and/or subsequent development and construction works of the Project Company.

### **THE INVESTMENT AGREEMENT**

Date: 7 April 2020

Parties: Nanjing Hengkang, Evergrande Life and the Project Company

## **Capital Contribution**

Pursuant to the Investment Agreement:

- (a) Nanjing Hengkang agreed to make capital contribution by way of cash and the Contributed Assets (i.e. the land use rights of the relevant Land Parcels) to the Project Company, and after taking into account the initial capital contribution of Nanjing Hengkang in the Project Company (RMB232,985,700), its total investment is equivalent to approximately RMB727 million;
- (b) subject to fulfillment of the Conditions Precedent (or waiver thereof, if applicable), Evergrande Life agreed to contribute a total of RMB1.4 billion in cash to the Project Company. Among the Investment Funds, approximately RMB207 million will be recognized as paid-in capital; approximately RMB1.193 billion will initially be recognized as capital reserve; and following the Project Completion, approximately RMB931 million will be recognized as, and contributed into, the registered capital of the Project Company.

Prior to the Investment, the Project Company is directly held by Nanjing Hengkang and is an indirect wholly-owned subsidiary of the Company.

The respective investments undertaken by Nanjing Hengkang and Evergrande Life under the Investment Agreement were determined upon arm's length negotiations on normal commercial terms with reference to the current investment of Nanjing Hengkang in the Project Company and its registered capital.

## **Conditions Precedent**

The Investment is subject to, among others, the fulfillment (or waiver thereof, if applicable) of following conditions precedent (the "**Conditions Precedent**"):

- (a) no material adverse change or material adverse effect on the qualification, business, operation, assets or financial position of the Project Company;
- (b) the relevant parties having completed signing of documents required for the change of registration with the relevant industrial and commercial authorities;
- (c) the Investment Agreement, the Guarantee and other relevant agreements having been duly signed and becoming effective;
- (d) the Project Company having obtained the necessary filings, permits, title certificates and land use rights for the relevant Land Parcels under the project; and
- (e) the representations, declarations and warranties made by the Project Company and Nanjing Hengkang being true, complete and accurate in all material respects.

In the event that the above Conditions Precedent are not fulfilled, Evergrande Life is under no obligation to pay the Investment Funds and may waive the unfulfilled Conditions Precedent; or postpone the date of fulfillment of the Conditions Precedent, defer its investment and payment thereof; or terminate the Investment Agreement.

## **Completion**

As at the date of this announcement, the Project Company is wholly-owned by the Company and has a registered capital of RMB232,985,700. Upon fulfillment of all Conditions Precedent (or waiver thereof, if applicable) and following payment of the Investment Funds to the Escrow Account by Evergrande Life, the Project Company shall, within five working days from the date of payment of the Investment Funds, complete the relevant industrial and commercial registration such that the Project Company will be owned as to 53% by Nanjing Hengkang and as to 47% by Evergrande Life. Upon completion of the relevant industrial and commercial registration, the Project Company will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the consolidated financial statements of the Company.

Upon the Project Completion, approximately RMB931 million in the Investment Funds will be recognized as, and contributed from capital reserve into, the registered capital of the Project Company. Upon the completion of relevant industrial and commercial registration, the registered capital of the Project Company will be approximately RMB1.161 billion, and Nanjing Hengkang and Evergrande Life will own 17% and 83% equity interests in the Project Company, respectively.

## **Use of Funds**

Upon completion of the Investment and subject to fulfillment of certain pre-conditions, the Project Company may, in various stages and depending on the progress of construction and development of the Land Parcels, submit written application(s) to Evergrande Life, together with a budget plan setting out the detailed use of Escrow Account funds for acquisitions of the land use rights of the relevant Land Parcels, constructions-in-progress and/or subsequent development and construction works.

## **Management of the Project Company**

The board of directors of the Project Company shall consist of three directors, of which one director shall be nominated by Evergrande Life, and two directors shall be nominated by Nanjing Hengkang. Reserved matters in relation to the Project Company (including but not limited to setting the business and investment plan of the Project Company, increase or reduction of its registered capital and mergers and dissolution) shall be approved unanimously by all directors of the Project Company. The Project Company shall also have one supervisor who is nominated by Evergrande Life. In addition, Evergrande Life is entitled to nominate one deputy general manager and one deputy financial manager to the Project Company.

## **Dividend Arrangement**

Profit distribution of the Project Company shall be undertaken in accordance with the respective proportions of actual paid-in capital contributed by each of Nanjing Hengkang and Evergrande Life as shareholders to the Project Company. The capital contribution amount shall be determined with reference to the total contribution amount of each shareholder as at the date of profit distribution.

## **Guarantee**

On 7 April 2020, Evergrande Life (as creditor) entered into the Guarantee with China Evergrande (as guarantor), pursuant to which, China Evergrande agreed to guarantee the performance of all the obligations and responsibilities of Nanjing Hengkang under the Investment Agreement by way of full, unconditional and irrevocable joint liability guarantee. Given that the Company considers the terms of the Guarantee are no less favourable than those offered in the market, the Directors believe that the terms of the Guarantee and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **INFORMATION ON THE PROJECT COMPANY, NANJING HENKANG AND THE COMPANY**

### **The Project Company**

The Project Company is a limited liability company established on 26 February 2020 and existing under the laws of the PRC. As at the date of this announcement, the registered capital of the Project Company is RMB232,985,700, which has been fully subscribed for by Nanjing Hengkang by way of cash and asset contribution. The Project Company is wholly-owned by the Company through Nanjing Hengkang, which is also a wholly-owned subsidiary of the Company.

The scope of business of the Project Company principally covers engineering construction, medical and hospital management and elderly care services. The six Land Parcels are located in Nanjing, Jiangsu Province, the PRC, and are proposed to be used for hospital, commercial and senior housing residential purposes with a net area of approximately 108,500 square metres.

As at the date of this announcement, the Project Company has not commenced any operations. As at 1 March 2020, the unaudited net asset value of the Project Company is RMB232,985,700. As the Project Company was only established in early 2020, the Group does not expect to record any profit or loss from its deemed disposal of the Project Company.

### **Nanjing Evergrande Elderly Care Valley Project**

Nanjing Evergrande Elderly Care Valley Project is situated in Nanjing, the ancient capital of the Six Dynasties of China. Located in the National Jiangbei New District, it beholds the 4A Jinniu Lake tourist attraction which is in close proximity to the Jinniu Lake Station of Nanjing Metro Line S8. It is also within a straight distance of 46 kilometers from the Nanjing Municipal Government of the PRC, taking approximately one hour to travel by car; and within a straight distance of 49 kilometers from the

People's Hospital of Jiangsu Province, the PRC, taking approximately 1 hour and 11 minutes by car. The project is located in a prime area which is facilitated by excellent transportation and geographical environment in the province. According to the Jiangbei New District Master Plan (2014-2030), the area has also been classified as the Jinniu Lake-Yeshan Tourist Resort area, primarily focusing on tourism, healthcare and retirement functions.

### **Nanjing Hengkang**

Nanjing Hengkang is a limited liability company established and existing under the laws of the PRC. The scope of business of Nanjing Hengkang principally covers construction and development of real estate properties, hospital management and elderly care services. As at the date of this announcement, it is indirectly wholly-owned by the Company.

### **The Company**

The Company is a company incorporated in Hong Kong with limited liability and is principally engaged in "Internet+" community health management, international hospitals, elderly care and rehabilitation, as well as the investment in high technology new energy vehicle manufacture.

### **INFORMATION ON EVERGRANDE LIFE**

Evergrande Life is a limited liability company established and existing under the laws of the PRC and a non-wholly owned subsidiary of China Evergrande, the controlling shareholder of the Company. It is principally engaged in insurance businesses covering life insurance, health insurance and accident insurance.

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

To facilitate the implementation of the Group's corporate strategy to actively promote "Healthy China", the Group has adopted wellness project construction and development as an initiative to safeguard public health and wellness. With a vision to elevate the overall living standards and driven by six principal systems (namely, all-age healthcare system, diversified elderly care system, multi-level hierarchical diagnosis and treatment system, precision health management system, international medical equipment distribution system and life science transformation system), the Group established its signature product, Evergrande Elderly Care Valley, putting comprehensive all-age healthcare service concept into practice. The Board considers that the introduction of the overseas continuing care retirement community (CCRC) model in the Group's diversified elderly care system shapes a multi-functional continuing care elderly care community, and coupled with the cooperation with life insurance companies to establish an "insurance + elderly care" innovative operational concept, it can serve to create a new business landscape for the elderly care industry.

The Project Company will utilize the capital contributed by Nanjing Hengkang and Evergrande Life to develop the Nanjing Evergrande Elderly Care Valley Project in Liuhe District, Nanjing, Jiangsu Province, the PRC, combining and leveraging on Evergrande Life's expertise in insurance and the Group's expertise in the project development and construction, operation and management of elderly care services and rehabilitation industry-related services.

The Company considers that the introduction of Evergrande Life as a shareholder of the Project Company through the Investment serves to create synergies in the elderly care businesses of the Group through the integration of existing resources, knowledge, technology and expertise among the Group and Evergrande Life, thereby realising the respective value-added in the healthcare services and life insurance industry. Taking into account the above reasons and benefits, the Directors (including the independent non-executive Directors, save and except for Mr. CHAU Shing Yim David who has abstained from voting as stated below) consider that the terms of the Investment Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and that the entering into of such transactions is in the interests of the Company and its Shareholders as a whole.

### **LISTING RULES IMPLICATIONS**

Following completion of the Investment, the equity interests in the Project Company held by Nanjing Hengkang will be diluted from 100% to 53%; and following Project Completion, the equity interests in the Project Company held by Nanjing Hengkang will be diluted from 53% to 17%. Pursuant to Rule 14.29 of the Listing Rules, the decrease in equity interests in the Project Company held by Nanjing Hengkang will constitute deemed disposals of the Project Company. Pursuant to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio (as calculated in accordance with Rule 14.07 of the Listing Rules) in respect of the transactions under the Investment Agreement is less than 5%, the transactions under the Investment Agreement are exempt from the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, China Evergrande is the ultimate controlling shareholder of the Company. China Evergrande is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Evergrande Life is a wholly-owned subsidiary of China Evergrande and therefore Evergrande Life is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Investment Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as calculated in accordance with Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Investment Agreement is more than 0.1% but less than 5%, the transactions contemplated under the Investment Agreement is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but exempt from the circular and independent shareholders' approval requirements.

As the Guarantee constitutes financial assistance provided by a connected person of the Company for the benefit of the Group which is on normal commercial terms or better where no security over the assets of the Group is granted, the Guarantee is exempt from the reporting, announcement, annual review and independent shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

As Mr. CHAU Shing Yim David, an independent non-executive Director of the Company, is also an independent non-executive Director of China Evergrande, the Company considers that Mr. CHAU Shing Yim David has material interest in the Guarantee and the transactions contemplated thereunder. Accordingly, Mr. CHAU Shing Yim David has abstained from voting on the relevant resolutions of the Board. Save as disclosed above, no other Director has a material interest in the Investment Agreement, the Guarantee and the transactions contemplated thereunder and therefore no other Director has abstained from voting on the relevant Board resolutions.

## **DEFINITIONS**

In this announcement, the following terms and expressions (unless the context otherwise requires) shall have the following respective meanings:

“Board”	the board of Directors
“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)
“China Evergrande”	China Evergrande Group, a company incorporated in the Cayman Islands with limited liability and the controlling shareholder of the Company, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3333)
“Conditions Precedent”	has the meaning ascribed to it under the section headed “The Investment Agreement — Conditions Precedent” in this announcement
“connected person(s)”, “connected transaction(s)” and “controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Escrow Account”	an escrow account under the name of the Project Company for receiving the Investment Funds to be paid by Evergrande Life pursuant to the terms of the Investment Agreement



“Evergrande Life”	Evergrande Life Insurance Company Limited* (恒大人壽保險有限公司), a limited liability company established and existing under the laws of the PRC and a non-wholly owned subsidiary of China Evergrande
“Group”	the Company and its subsidiaries
“Guarantee”	the guarantee dated 7 April 2020 entered into between China Evergrande and Evergrande Life
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investment”	the contribution of the Investment Funds into the Project Company by Evergrande Life in accordance with the terms of the Investment Agreement
“Investment Agreement”	the investment agreement dated 7 April 2020 entered into between Evergrande Life, Nanjing Hengkang and the Project Company
“Investment Funds”	the total amount of RMB1.4 billion to be contributed by Evergrande Life to the Project Company in accordance with the terms of the Investment Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Land Parcel(s)” or “Contributed Assets”	the six parcels of land located in Nanjing, Jiangsu Province, the PRC with a net site area of approximately 108,500 sq.m., namely:  Lot A10 (land lot reference number: 320116009004GB00038), Lot A11 (land lot reference number: 320116009004GB00039), Lot B17 (land lot reference number: 320116009004GB00044), Lot B18 (land lot reference number: 320116009004GB00045), Lot A16 (land lot reference number: 320116009004GB00046) and Lot A17 (land lot reference number: 320116009004GB00047)
“Nanjing Hengkang”	Nanjing Hengkang Property Company Limited* (南京恒康置業有限公司), a limited liability company established and existing under the laws of the PRC and a wholly-owned subsidiary of the Company
“Nanjing Evergrande Elderly Care Valley Project”	Nanjing Evergrande Elderly Care Valley Project (南京恒大養生谷項目) which is located in Liuhe District, Nanjing, Jiangsu Province, the PRC
“PRC”	the People’s Republic of China, which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Project Company”	Hengning Health Industry Nanjing Company Limited* (恒寧健康產業南京有限公司), a limited liability company established and existing under the laws of the PRC and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Project Completion”	the completion, delivery and handover of operations of Nanjing Evergrande Elderly Care Valley Project within 24 months following the deposit of the Investment Funds into the Escrow Account
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules

By Order of the Board  
**Evergrande Health Industry Group Limited**  
**Shi Shouming**  
*Chairman*

Hong Kong, 7 April 2020

*As at the date of this announcement, the executive directors of the Company are Mr. SHI Shouming, Mr. PENG Jianjun and Mr. QIN Liyong; and the independent non-executive directors of the Company are Mr. CHAU Shing Yim David, Mr. GUO Jianwen and Mr. XIE Wu.*

\* *For identification purpose only*