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

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

**If you have sold or transferred** all your shares in Evergrande Health Industry Group Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, the licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)**

**(1) CONTINUING CONNECTED TRANSACTIONS  
RELATING TO  
INSURANCE PROCUREMENT;  
AND  
(2) NOTICE OF GENERAL MEETING**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**



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A notice convening the General Meeting of the Company to be held at Ballroom C, 5th Floor, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong on Monday, 25 February 2019 at 11:00 a.m. is set out on pages 39 to 40 of this circular. Whether or not you are able to attend the General Meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's share registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, but in any event not less than 48 hours before the time of the General Meeting (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the General Meeting or adjournment thereof.

A letter from the Board is set out on pages 4 to 16 of this circular. A letter from the Independent Board Committee containing its recommendation is set out on pages 17 to 18 of this circular. A letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 34 of this circular.

1 February 2019

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## DEFINITIONS

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

“2015 Regulations”	the Measures for the Administration of Insurance Clauses and Premium Rates of Life and Health Insurance Companies (2015 Revision)* (《人身保險公司保險條款和保險費率管理辦法(2015年修訂)》)
“Announcement”	the announcement of the Company dated 11 January 2019
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“CBIRC”	China Banking and Insurance Regulatory Commission
“CCT Report”	has the meaning ascribed to it under the section headed “Internal Control Procedures” in the “Letter from the Board” in this Circular
“China Evergrande”	China Evergrande Group, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed and traded on the Stock Exchange (stock code: 3333), and being the ultimate controlling shareholder of the Company
“Company”	Evergrande Health Industry Group Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed and traded on the Main Board of the Hong Kong Stock Exchange (stock code: 708)
“connected person”	have the same meaning ascribed to it under the Listing Rules
“continuing connected transaction”	has the same meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules
“Critical Illness Insurance Services”	critical illness insurance and other services to be provided to the members of the Elderly Care Valley and their respective family members under the terms and conditions of the Integrated Insurance Procurement Agreement
“Directors”	the directors of the Company
“Effective Date”	25 February 2019, being the date of the General Meeting

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## DEFINITIONS

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“Elderly Care Valley Project”	the membership elderly healthcare community that provides services across the PRC by Guangzhou Hengze Healthcare Service Company Limited, its subsidiaries and/or its branches
“Evergrande Life”	Evergrande Life Insurance Company Limited* (恒大人壽保險有限公司), a company incorporated in the PRC and a non-wholly-owned subsidiary of China Evergrande
“General Meeting”	the general meeting of the Company to be held on Monday, 25 February 2019 for the purpose of considering and, if thought fit, approving the Integrated Insurance Procurement Agreement and the transactions contemplated thereunder (including the proposed annual caps)
“Group”	the Company and its subsidiaries
“Guangzhou Hengze”	Guangzhou Hengze Healthcare Service Company Limited* (廣州恒澤養生服務有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Company
“Independent Board Committee”	the board committee established by the Company consisting of independent non-executive Directors (i.e. Mr. Guo Jianwen and Mr. Xie Wu) to advise the Independent Shareholders on the Integrated Insurance Procurement Agreement and the transactions contemplated thereunder (including the proposed annual caps)
“Independent Financial Adviser” or “Lego Corporate Finance”	Lego Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Integrated Insurance Procurement Agreement and the proposed annual caps
“Independent Shareholders”	the Shareholders other than China Evergrande and its associates
“Independent Third Party(ies)”	any person or company that is a third party not connected to and independent from the Company and its connected persons as well as their respective ultimate beneficial owners under the Listing Rules

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## DEFINITIONS

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“Integrated Insurance Procurement Agreement”	the integrated insurance procurement agreement dated 11 January 2019 entered into between Guangzhou Hengze Healthcare Service Company Limited* (廣州恒澤養生服務有限公司) and Evergrande Life in relation to the procurement of critical illness insurance services for the members of the Evergrande Elderly Care Valley
“Internal Control Procedures”	has the meaning ascribed to it under the section headed “Internal Control Procedures” in the “Letter from the Board” in this Circular
“Latest Practicable Date”	30 January 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain data contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this circular, excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	the holder(s) of Shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meanings as those defined under the Listing Rules



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)**

***Executive Directors:***

Mr. Shi Shouming (*Chairman*)

Mr. Peng Jianjun (*Vice-chairman*)

Mr. Qin Liyong

***Independent Non-executive Directors:***

Mr. Chau Shing Yim, David

Mr. Guo Jianwen

Mr. Xie Wu

***Registered Office:***

23rd Floor, China Evergrande Centre

38 Gloucester Road

Wanchai

Hong Kong

***Share Registrar:***

Tricor Secretaries Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

1 February 2019

*To the Shareholder(s)*

Dear Sir/Madam,

**(1) CONTINUING CONNECTED TRANSACTIONS RELATING TO  
INSURANCE PROCUREMENT;**

**AND**

**(2) NOTICE OF GENERAL MEETING**

**INTRODUCTION**

Reference is made to (i) the announcement of the Company dated 11 January 2019 in respect of, among other things, the proposed continuing connected transactions under the Integrated Insurance Procurement Agreement for the three years ending 31 December 2021. The purpose of this circular is to provide you with, among other things, the following information, as well as the notice of the General Meeting:

- (i) the details of the Integrated Insurance Procurement Agreement and the transactions contemplated thereunder (including the proposed annual caps);

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## LETTER FROM THE BOARD

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- (ii) the advice and recommendation of the Independent Board Committee on the Integrated Insurance Procurement Agreement and the transactions contemplated thereunder (including the proposed annual caps); and
- (iii) the letter of advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, containing the advice and recommendation on the Integrated Insurance Procurement Agreement and the transactions contemplated thereunder (including the proposed annual caps).

The purpose of this circular is to provide the Shareholders with all reasonable and necessary information for making informed decisions on whether to vote for or against the resolutions. The notice of General Meeting is set out on pages 39 to 40 of this circular.

### **BACKGROUND**

In recent years, healthy lifestyle, nationwide wellness and wellbeing education have been avidly promoted in Mainland China as means to improving productivity, general wellbeing as well as ecological and social environment, so as to better protect the right to wellness of the people in China. As part of the national strategy, integrated healthcare and elderly care services are encouraged. The Company is of the view that the wellness industry is growing in Mainland China. Therefore, leveraging on the strengths of the Group, the Company is actively pursuing “Healthy China” as its corporate strategy. Having considered the rising demand for healthy lifestyle and the rise in Mainland China’s aging population, over the past few years, the Group has instituted Evergrande Elderly Care Valley, a vision of all-rounded and all-aged healthcare service in China. Through a membership service platform, the Elderly Care Valley Project integrates medical insurance with prevention, treatment and wellness. As at the Latest Practicable Date, the Elderly Care Valley Project has already been set up in a number of cities and regions in Mainland China, including Sanya, Haihua Island, Xi’an, Zhengzhou, Zhenjiang, Xiangtan, Yuntai Mountain, Nanjing and Chongqing.

The objective of the Elderly Care Valley membership service platform is to provide its members with no less than 350 types of wellness-related services, including the provision of health insurance services. Based on the actual demands in regions which each Elderly Care Valley Project operates, to cater for the likelihood of its members suffering from critical illnesses, the Group decided to procure group critical illness insurance for the members of the Elderly Care Valley and their respective family members as one of the services offered under the Elderly Care Valley membership. Each member of the Elderly Care Valley shall pay a fixed sum as membership fee. Upon being successfully insured, the member, or the insured person, shall enjoy critical illnesses insurance and life insurance provided by the insurer until seventy years old. The maximum payout amount for each member is RMB100,000 or RMB200,000, depending on the type of membership opted for by such member. Members may designate their immediate family members (spouse, parent or child) as death beneficiaries with approval from the insurance company.

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## LETTER FROM THE BOARD

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When searching for the appropriate insurance products provider for the Xi'an Elderly Care Valley project, the Group has conducted public tender in selecting suitable insurance companies to provide critical illness insurance for the members of the Xi'an Elderly Care Valley. The factors taken into consideration, and the process of the public tender have been set out in the section headed "Proposed Annual Caps" below. Evergrande Life, after being evaluated by Guangzhou Hengze with reference to the terms offered for the Xi'an Elderly Care Valley, was chosen as the designated insurer under the Integrated Insurance Procurement Agreement amongst the shortlisted candidates (including insurance providers which are Independent Third Parties).

### **CONTINUING CONNECTED TRANSACTIONS RELATING TO INSURANCE PROCUREMENT**

As disclosed in the Announcement, Guangzhou Hengze, a wholly-owned subsidiary of the Company, and Evergrande Life entered into the Integrated Insurance Procurement Agreement on 11 January 2019.

#### **Integrated Insurance Procurement Agreement**

Details of the Integrated Insurance Procurement Agreement are summarized as follows:

- Date:** 11 January 2019
- Parties:** (i) Guangzhou Hengze; and  
(ii) Evergrande Life

The annual caps of the insurance procurement for each year ending 31 December 2019, 31 December 2020 and 31 December 2021 are set out in the section headed "Proposed Annual Caps" below.

#### ***Nature of transaction***

During the term of the Integrated Insurance Procurement Agreement, Evergrande Life and its branches may provide Guangzhou Hengze, its subsidiaries and/or its branches with insurance services including underwriting, preservation and claim settlement for the policyholder and the insured person according to the terms and conditions of the Integrated Insurance Procurement Agreement.

#### ***Term***

Subject to the approval of the Independent Shareholders at the General Meeting, the term of the Integrated Insurance Procurement Agreement shall commence on the Effective Date and shall continue up to and including 31 December 2021. Subject to compliance of the Listing Rules, the Integrated Insurance Procurement Agreement may be renewed by both parties by agreement in writing.



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## LETTER FROM THE BOARD

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### *Condition Precedent*

The Integrated Insurance Procurement Agreement is subject to the approval of the Integrated Insurance Procurement Agreement and the transactions contemplated thereunder (including the proposed annual caps) by the Independent Shareholders at the General Meeting. If the above condition is not fulfilled on or before the Effective Date or such later date as agreed by both parties, the Integrated Insurance Procurement Agreement shall terminate with immediate effect and neither party shall be liable.

### *Pricing Policy*

To strengthen the regulation of terms and premium rates of personal insurance products, and to protect the lawful rights and interests of the policyholders, the insureds and beneficiaries, CBIRC (former China Insurance Regulatory Commission) regulates the insurance market in Mainland China through laws, regulations and departmental rules such as the 2015 Regulations. Complying the regulatory requirements in Mainland China, Evergrande Life has formulated its insurance products on a “fair and reasonable” basis. These insurance premium rates are also determined with reference to, among others, the age and gender of the insured persons, which complied with the relevant requirements under the Notice on Issuing the Relevant Actuarial Provisions (Insurance Regulatory Commission [1999] No. 90) (《關於下發有關精算規定的通知》(保監發[1999]90號)) issued by the China Insurance Regulatory Commission prescribing actuarial rules on the formulation of insurance premium rates. After completing the internal review and approval procedures, insurance products must also be filed for recordation to CBIRC by the market participant (i.e. Evergrande Life). Insurance products provided by Evergrande Life have been filed with CBIRC pursuant to the regulations.

Separately, pursuant to the Integrated Insurance Procurement Agreement, the insurance premium rate of the relevant products shall also be determined with reference to the market price of other critical illness insurance services and the fee charged by Evergrande Life for the provision of critical illness insurance to independent third parties other than the Company.

To ensure that the terms of insurance procurement are on normal commercial terms and no less favourable to the terms which the Group can obtain, the Group has considered the quotations and proposals from at least four other independent insurance companies obtained during the public tender for the Xi'an Elderly Care Valley project for comparison purposes. The Group has then compared the quotations and proposals offered by different insurance companies, conducted assessment by taking into account the above factors. The public tender process previously conducted by the Group and the factors considered during the public tender process are set out in the section headed “Proposed Annual Caps” below.

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## LETTER FROM THE BOARD

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### *Other key terms*

Other key terms are summarized as follows:

- (i) In addition to the insurance provision, Evergrande Life shall provide complementary services, including deploying specialists to the project site for insurance industry know-how training and briefings on claim settlement procedures.
- (ii) Evergrande Life shall promptly respond within 24 hours from claims and provide timely feedback on the progress of claim settlement.
- (iii) Provided that the payout terms under the valid insurance contracts have been fulfilled, Evergrande Life shall settle relevant insurance payout within five business days from the time the claim settlement decision was made. Where claim conditions are not fulfilled, Evergrande Life shall issue a refusal notice to the insured or beneficiaries, stating the reasons.
- (iv) If the yearly transaction amount incurred under the Integrated Insurance Procurement Agreement exceeds the proposed annual caps under the Integrated Insurance Procurement, the parties shall promptly notify the Stock Exchange and, pursuant to relevant requirements of the Listing Rules, comply with all necessary procedures, including to convene a general meeting of the Company for obtaining approval from the Independent Shareholders (if necessary), to announce the continuing connected transaction. The parties endeavour to limit the transaction amount to the proposed annual cap prior to satisfaction of the relevant requirements of the Listing Rules.

### **Proposed Annual Caps**

Pursuant to the Integrated Insurance Procurement Agreement, the aggregate insurance premium for the critical illness insurance services shall not exceed RMB1 billion, RMB2 billion and RMB3 billion for the year ending 31 December 2019, 2020 and 2021, respectively.

### **Basis of the Proposed Annual Caps**

When determining the proposed annual caps, the Directors (other than Mr. Chau Shing Yim David, an independent non-executive Director who is deemed to be interested in the proposed continuing connected transactions and has abstained from voting on relevant the board resolution(s) of the Company) has considered the following:

- (i) *the Group's plan to establish ten Elderly Care Valley Projects in Mainland China for each of the next three years*

As disclosed in the interim report of the Company for the six months ended 30 June 2018, the Elderly Care Valley Project in Sanya, Haihua Island, Xi'an, Zhengzhou, Zhenjiang, Xiangtan, Yuntai Mountain, Nanjing, Chongqing and other places are currently under construction. In view of above Elderly Care Valley Project construction plan, the Group

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## LETTER FROM THE BOARD

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targets to achieve a membership consumption of RMB5 billion in its business plan. During the six months ended 30 June 2018, the Group's membership consumption amount has reached approximately RMB1.7 billion, which represented an increase of over 230% as compared to the membership consumption amount of approximately RMB0.5 billion for the six months ended 30 June 2017.

Having considered the Group's plan to establish ten Elderly Care Valley Projects for each of the next three years, with each project estimated to handle 4,000 members with the average premium per member being RMB25,000, the proposed annual caps (i.e. the estimated yearly insurance premium amount for the members) for each of the next three years will be calculated as follows:

$$\begin{aligned} & \text{Estimated number of Elderly Care Valley Projects in the year} \times \\ & \text{average number of members per Elderly Care Valley Project} \times \\ & \text{average premium per member} \end{aligned}$$

After considering the fact that approximately 48.6% of Elderly Care Valley members are male and approximately 78.4% of Elderly Care Valley members are within the age group of 30 to 59, the average premium rates for the 30 to 59 age group was approximately RMB25,000, as calculated using the premium rates based on age and gender set out in the Integrated Insurance Procurement Agreement.

Hence, the proposed annual caps for the years ending 31 December 2019, 2020 and 2021 under the Integrated Insurance Procurement Agreement are estimated to be RMB1 billion, RMB2 billion and RMB3 billion, respectively.

(ii) *the qualification and experience of Evergrande Life in the provision of critical illness insurance, the service coverage and pricing*

When searching for an insurance service provider for the Xi'an Elderly Care Valley project, the Group selected the suitable insurance company to provide insurance services through a public tender process. The overall procedures undertaken by the Group in its public tender include: (1) shortlisting insurance service providers based on their respective industry ranking; after conducting background research. (2) preparation and issuance of the bidding document to the shortlisted candidates; and (3) conducting of a joint tender process across different departments to consider and evaluate various bid submissions. The final winning bidder is then determined on the criteria of "good quality good price" (優質優價) after giving overall considerations to, among others, the brand name and the quality of insurance product offering. In addition, during the business cooperation for the insurance procurement for the Xi'an Elderly Care Valley project, the Shaanxi branch of Evergrande Life and the Company have formed a positive working relationship whereby the parties had in-depth project discussions and formulated business plans, with Evergrande Life leveraging on its prior relevant experience in the area of group critical illness insurance. Given that Evergrande Life is very familiar with the Evergrande Elderly Care Valley Project and the specific insurance product requirements of the Group, the Company considered that it is beneficial to the

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## LETTER FROM THE BOARD

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Company and its shareholders to continue its cooperation with Evergrande Life and to extend its cooperation with Evergrande Life to the insurance procurement for the group critical illness insurance products and services for other Elderly Care Valley Projects.

The Company has also considered the respective industry reputation of the candidates. Evergrande Life is competitive and ranked high in the local market in the year of 2018.

Although the Shaanxi branch of Evergrande Life had won the public tender in relation to the insurance procurement for Evergrande Elderly Care Valley Xi'an, considering the number of supplier/insurance company candidates shortlisted during such public tender process, the Company, as a subsidiary of China Evergrande, bears the necessary skill, technology, goodwill and network to locate other suppliers or insurance providers to replace Evergrande Life's role in the insurance procurement for its Elderly Care Valley Projects, and to negotiate for favourable terms with other service provider, if needed in the future.

(iii) *services to be provided under the Integrated Insurance Procurement Agreement*

The Company has also considered other relevant factors which include, among others, the quality of services to be provided under the Integrated Insurance Procurement Agreement. Evergrande Life is capable of providing complementary services, including deploying specialists to the project site for insurance industry know-how training and briefings on claim settlement procedures. The quality of its insurance services is also of "good quality, good price", with guarantees of a prompt response time of within 24 hours from claims and provide timely feedback; giving timely feedback on the progress of claim settlement; and settlement of relevant insurance payout within five business days from the time the claim settlement decision was made.

Evergrande Life also agreed to provide Evergrande Life Elderly Care Valley one-stop personalized services, hospital visits and medical appointment accompanying services as part of the claim settlement process, offering better customer experiences. Having considered all of the above factors, the Company recommends Evergrande Life to underwrite annual critical illness insurance procurement for Elderly Care Valley.

To consolidate the strengths of the Group, the Company plans to conduct research with Evergrande Life to jointly develop full-life cycle insurance products and elderly insurance products catered specifically for the age group below 100 (including long-term care, accidental injury and pension services for the age group above 65). In addition, as similar insurance products offered by other insurance companies have not been filed for recordation, coupled with the fact that the existing products of those insurers does not fully met the needs of the Company, there is a risk of not being to provide insurance services to the members.

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## LETTER FROM THE BOARD

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- (iv) *the estimated number of participants in the Elderly Care Valley Project in 2019, 2020 and 2021*

Each Elderly Care Valley Project is estimated to handle 4,000 members, hence, the Company estimated the average number of participants to be approximately 4,000.

For the purpose of providing a more flexible basis for setting the proposed annual caps for the transactions contemplated under the Integrated Insurance Procurement Agreement, the Directors have also taken into account the possible future fluctuations in the insurance premium rates and other relevant factors including the business environment for each Elderly Care Valley Project. A buffer has been established when determining the proposed annual caps for each of the relevant periods.

### ***Internal Control Procedures***

In order to monitor the transaction amounts and to ensure that the pricing policy and terms of the transactions under the Integrated Insurance Procurement Agreement are fair and reasonable, the Group has established and will continually implement a series of internal control procedures and external supervision measures as follows:

- (1) The Group will monitor the transaction amount incurred for the transactions contemplated under the Integrated Insurance Procurement Agreement on a monthly basis to ensure that the annual premium amount for the Critical Illness Insurance Services does not exceed the proposed annual caps.
- (2) The Group will prepare a continuing connected transaction report (“**CCT Report**”) once every six months on the continuing connected transactions with Evergrande Life which will be submitted to the Group’s audit committee for consideration. The content of the CCT Report includes, amongst others: (i) the premium amount for the Critical Illness Insurance Service within the relevant reporting period; and (ii) the status of compliance with the proposed annual caps and utilization of the proposed annual caps.
- (3) The Group’s audit committee will convene meetings at least twice a year to discuss and assess the implementation of the continuing connected transactions of the Group (which include, among others, the transactions contemplated under the Integrated Insurance Procurement Agreement).
- (4) The external auditors of the Group will conduct a review of the interim financial information of the Group for six months ending 30 June of each financial year, and an audit of the consolidated financial statements of the Group for each financial year. The

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## LETTER FROM THE BOARD

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external auditors of the Group will also issue a letter to the Board in relation to the continuing connected transactions of the Group for each financial year in accordance with Rule 14A.56 of the Listing Rules confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions (which include, among others, the transactions contemplated under the Integrated Insurance Procurement Agreement):

- (i) have not been approved by the Board;
  - (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision or procurement of goods or services by the Group;
  - (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and
  - (iv) have exceeded the relevant cap (which, in the case of the transactions contemplated under the Integrated Insurance Procurement Agreement, is the proposed annual caps).
- (5) In addition, according to the Listing Rules, the independent non-executive Directors will conduct an annual review with respect to the continuing connected transactions of the Group (which include, among others, the transactions contemplated under the Integrated Insurance Procurement Agreement) throughout the preceding financial year and give confirmation on the transaction amounts and terms of the transactions in each annual report of the Group.

In view of the above, the Company considers that there are adequate internal control procedures and external supervision measures to ensure that the transactions contemplated under the Integrated Insurance Procurement Agreement will comply with the relevant regulatory guidelines and the terms of the Integrated Insurance Procurement Agreement.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE INTEGRATED INSURANCE PROCUREMENT AGREEMENT**

The principal business of the Group includes “Internet+” community health management, international hospitals, elderly care and rehabilitation, and investment in high technology and new energy vehicle manufacturing. Ever since its launch, the Evergrande Elderly Care Valley has been the key project of the Group to comprehensively promote membership scheme and to accumulate membership scheme management experience. In view of the significant increase in the turnover of the Group’s Health Management Segment in 2017, which was mainly attributable to the seven-times increase in total revenue of the Evergrande Elderly Care Valley from approximately RMB1,580,000 in the same period of 2016 to RMB13,130,000, the Group is determined to continue with its establishment of a full-cycle insurance system.

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## LETTER FROM THE BOARD

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Based on the actual demands in regions which each Elderly Care Valley Project operates, to cater for the likelihood of its members suffering from critical illnesses, the Group procures group critical illness insurance for the members of Elderly Care Valley and their respective family members as one of the services offered under the Elderly Care Valley. Since Evergrande Life has most relevant qualifications and experience in the provision of critical illness insurance, and is equipped with sufficient software and hardware resources as well as integrated service and management systems, the Company is of the opinion that Evergrande Life can offer sophisticated critical illness insurance products and comprehensive auxiliary services across different regions which the Elderly Care Valley Project operates. At the same time, Evergrande Life can provide one-stop personalized services, hospital visits and medical appointment accompanying services as part of the claim settlement process, enabling the Group to improve the Elderly Care Valley membership experience through conducting the transactions contemplated under the Integrated Insurance Procurement Agreement, achieving a win-win situation. Based on the foregoing, the Directors are of the view that the proposed entering into of the Integrated Insurance Procurement Agreement is in the interests of the Company and its Shareholders as a whole.

For the above reasons set out in the section headed “Continuing Connected Transactions Relating to the Insurance Procurement — Proposed Annual Caps”, the Directors (including the independent non-executive Directors of the Company, save and except for Mr. Chau Shing Yim, David) are of the view that, the Integrated Insurance Procurement Agreement has been entered into on normal commercial terms favourable to the business development of the Group. In addition, the terms of the Integrated Insurance Procurement Agreement are no less favourable than those offered to or by Independent Third Parties. The transactions contemplated under the Integrated Insurance Procurement Agreement (including the proposed annual caps) are fair and reasonable and in the interest of the Company and its Shareholder as a whole, except that the recommendation of the independent non-executive Directors remains subject to the advice of Lego Corporate Finance, the Independent Financial Advisor appointed by the Company.

### LISTING RULE IMPLICATIONS

Evergrande Life is a non-wholly-owned subsidiary of China Evergrande, the controlling shareholder of the Company. Therefore, Evergrande Life is a connected person of the Company. The transactions contemplated under the Integrated Insurance Procurement Agreement shall constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the proposed annual caps under the Integrated Insurance Procurement Agreement exceeds 5% for the purpose of Rule 14.07 of the Listing Rules, the transactions contemplated under the Integrated Insurance Procurement Agreement are subject to reporting, announcement, annual review and Independent Shareholders’ approval pursuant to Chapter 14A of the Listing Rules.

As Mr. Chau Shing Yim David, an independent non-executive Director of the Company, is also serving as an independent non-executive Director of China Evergrande, the controlling shareholder of the Company, and China Evergrande may be deemed to be interested in the transactions contemplated under the Integrated Insurance Procurement Agreement. Accordingly, he

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## LETTER FROM THE BOARD

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has abstained from voting on the relevant resolution(s) of the Board in relation to the transactions contemplated under the Integrated Insurance Procurement Agreement. To the best of the knowledge and belief of the Directors, none of the Directors other than Mr. Chau Shing Yim David has any interest in the resolution(s) of the Board to consider and approve the transactions contemplated under the Integrated Insurance Procurement Agreement or is otherwise required to abstain from voting on the relevant resolution(s) of the Board.

### INFORMATION ON THE COMPANY AND EVERGRANDE LIFE

#### The Company

The Company is a company incorporated in Hong Kong with limited liability, the principal business of which includes “Internet+” community health management, international hospitals, elderly care and rehabilitation, and investment in high technology and new energy vehicle manufacturing.

#### Guangzhou Hengze

Guangzhou Hengze is a company incorporated in the PRC and a wholly-owned subsidiary of the Company, the principal business of which includes member recruitment for the Elderly Care Valley Project and operation of the four major Elderly Care Valley.

#### Evergrande Life

Evergrande Life is a company incorporated and existing under the laws of the PRC with limited liability and a non-wholly-owned subsidiary of China Evergrande, the controlling shareholder of the Company. Its principal business includes the provision of life insurance, health insurance and accidental injury insurance etc.

### GENERAL MEETING

The General Meeting will be convened for the purpose of considering and, if thought fit, approving the transactions contemplated under the Integrated Insurance Procurement Agreement (including the proposed annual caps).

In accordance with the Listing Rules, the proposed resolution(s) shall be passed by way of poll as an ordinary resolution(s). China Evergrande and its associates will abstain from voting on the resolution(s) to approve the Integrated Insurance Procurement Agreement and the transactions contemplated thereunder (including the annual caps) to be proposed at the General Meeting. Save as disclosed above, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, none of the Shareholders or any of their respective associates has material interest in the Integrated Insurance Procurement Agreement and the transactions contemplated thereunder (including the proposed annual caps). Therefore, none of the Shareholders (save for China Evergrande and its associates) is required to abstain from voting on the relevant resolution(s) to be proposed at the General Meeting.



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## LETTER FROM THE BOARD

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You may vote at the General Meeting if you are an Independent Shareholder on Monday, 25 February 2019, which is referred to in this circular as the record date. Notice of the General Meeting (please refer to page 39 to page 40 of this circular) and the proxy form thereof are enclosed to this circular.

An independent board committee has been formed to consider the continuing connected transactions and proposed annual caps under the Integrated Insurance Procurement Agreement. Lego Corporate Finance has been appointed as the Independent Financial Advisor to advise the Independent Board Committee and Independent Shareholders on the aforementioned matters.

### **RECOMMENDATIONS**

The Directors (including independent non-executive Directors) are of the opinion that the terms of the continuing connected transactions contemplated under the Integrated Insurance Procurement Agreement are fair and reasonable, and such continuing connected transactions (including the proposed annual caps) are on normal commercial terms and have been entered into during the ordinary and usual course of business of the Company, and are in the interest of the Company and its Shareholders as a whole. Therefore, the Directors recommend the Shareholders to vote in favour of all relevant resolutions to be proposed at the General Meeting.

### **OTHER INFORMATION**

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

Letter from the Independent Board Committee, which is set out on page 17 to page 18 of this circular, contains the recommendations of the Independent Board Committee to Independent Shareholders on the Integrated Insurance Procurement Agreement and the transactions contemplated thereunder (including the proposed annual caps). The advice of our Independent Financial Advisor to the Independent Board Committee and Independent Shareholders on the fairness and reasonableness of the terms of the continuing connected transactions (including the proposed annual caps) contemplated under the Integrated Insurance Procurement Agreement is set out on page 19 to page 34 of this circular.

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## LETTER FROM THE BOARD

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There can be no assurance that any forward-looking statements regarding the business development of the Group set out in this circular and any of the matters set out herein are attainable, will actually occur or will be realised or are complete or accurate. Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and not to place any excessive reliance on the information disclosed herein. Any Shareholder or potential investor who is in doubt is advised to seek advice from professional advisors.

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



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)**

***Share Registrar:***

Tricor Secretaries Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

***Registered office:***

23rd Floor, China Evergrande Centre  
38 Gloucester Road  
Wanchai  
Hong Kong

1 February 2019

*To the Independent Shareholders*

Dear Sir/Madam,

**CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO INSURANCE PROCUREMENT**

We refer to the circular of the Company dated 1 February 2019 (the “**Circular**”), of which this letter forms part. Capitalized terms used in this letter have the same meanings as those defined in the Circular unless specified otherwise.

We have been appointed by the Board as the Independent Board Committee to advise you on whether, in our opinion, the terms of the continuing connected transactions contemplated under the Integrated Insurance Procurement Agreement are fair and reasonable to the Independent Shareholders, and whether the relevant continuing connected transactions (including the proposed annual caps) are entered into in the ordinary course of business of the Company and are in the interests of the Company and the Shareholders as a whole.

Lego Corporate Finance has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee on whether the terms of the continuing connected transactions contemplated under the Integrated Insurance Procurement Agreement (including the proposed annual caps) are fair and reasonable. Details of advice from Lego Corporate Finance, together with the principal factors and reasons it has taken into consideration in giving such advice, are set out on pages 19 to 34 of the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Your attention is also drawn to the Letter from the Board as set out on pages 4 to 16 of the Circular. Having considered the information set out in the Letter from the Board, the interests of the Independent Shareholders and the advices and recommendations of Lego Corporate Finance, we are of the view that the terms of the continuing connected transactions contemplated under the Integrated Insurance Procurement Agreement are fair and reasonable, and the relevant continuing connected transactions (including the proposed annual caps) are entered into in the ordinary course of business of the Company and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend that the Independent Shareholders vote in favour of the resolution to approve the transactions contemplated under the Integrated Insurance Procurement Agreement to be proposed at the General Meeting.

Yours faithfully,

By Order of the Board

**Evergrande Health Industry Group Limited**

*Independent Board Committee*

**Mr. Guo Jianwen**

**Mr. Xie Wu**

*Independent Non-Executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of a letter of advice from Lego Corporate Finance, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation in this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Disposals and the transactions contemplated thereunder.*



1 February 2019

*To the Independent Board Committee and the Independent Shareholders*

Dear Sir or Madam,

### **CONTINUING CONNECTED TRANSACTIONS IN RELATION TO INSURANCE PROCUREMENT**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Integrated Insurance Procurement Agreement and the transactions contemplated thereunder together with the proposed annual caps (the “**Annual Caps**”), details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 1 February 2019 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

As set out in the Letter of the Board, on 11 January 2019, Guangzhou Hengze, a wholly-owned subsidiary of the Company, and Evergrande Life entered into the Integrated Insurance Procurement Agreement, pursuant to which Evergrande Life and its branches may provide Guangzhou Hengze, its subsidiaries and/or its branches with insurance services including underwriting, preservation and claim settlement for the policyholder and the insured person according to the terms and conditions of the Integrated Insurance Procurement Agreement. Subject to the approval of Independent Shareholders of the General Meeting, the term of the Integrated Insurance Procurement Agreement shall commence on the Effective Date and shall continue up to and including 31 December 2021.

As at the Latest Practicable Date, Evergrande Life is a non-wholly-owned subsidiary of China Evergrande, the controlling shareholder of the Company. Therefore, Evergrande Life is a connected person of the Company. The transactions contemplated under the Integrated Insurance Procurement Agreement shall constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratios in respect of the Annual Caps under the Integrated Insurance Procurement Agreement exceeds 5% for the purpose of Rule 14.07 of the

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Listing Rules, the transactions contemplated under the Integrated Insurance Procurement Agreement is subject to reporting, annual review, announcement and Independent Shareholder' approval pursuant to Chapter 14A of the Listing Rules.

Mr. Chau Shing Yim David (the “**Mr. Chau**”), an independent non-executive Director of the Company, is also an independent non-executive Director of China Evergrande, the Controlling Shareholder of the Company, and China Evergrande may be deemed to be interested in the transactions contemplated under the Integrated Insurance Procurement Agreement. Accordingly, he has abstained from voting on the relevant resolution(s) of the Board in relation to the transactions contemplated under the Integrated Insurance Procurement Agreement. To the best of the knowledge and belief of the Directors, none of the Directors other than Mr. Chau has any interest in the resolution(s) of the Board to consider and approve the transactions contemplated under the Integrated Insurance Procurement Agreement or is otherwise required from voting on the relevant resolution(s) of the Board.

China Evergrande and its associates shall abstain from voting on the resolution(s) to approve the Integrated Insurance Procurement Agreement and the transactions contemplated thereunder (including the Annual Caps) to be proposed in the General Meeting. Save as disclosed above, to the best of the Director's knowledge, information and belief having made all reasonable enquiries, none of the Shareholders or any of their respective associates has material interest in the Integrated Insurance Procurement Agreement and the transactions contemplated thereunder (including the Annual Caps). Therefore, none of the Shareholders (save for China Evergrande and its associates) is required to abstain from voting on the relevant resolution(s) to be proposed at the General Meeting.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Guo Jianwen and Mr. Xie Wu, has been established to advise the Independent Shareholders as to whether the terms of continuing connected transactions contemplated under the Integrated Insurance Procurement Agreement and the Annual Caps are fair and reasonable and the relevant continuing connected transactions are on normal commercial terms and have been entered into ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the relevant resolution(s) to be proposed at the General Meeting to approve the Integrated Insurance Procurement Agreement and the transactions contemplated thereunder (including the Annual Caps). As the independent financial adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

As at the Latest Practicable Date, Lego Corporate Finance did not have any relationships or interests with the Company that could reasonably be regarded as relevant to the independence of Lego Corporate Finance. Apart from normal professional fees paid or payable to us in connection with this appointment as the independent financial adviser, no arrangement exist whereby we had received or will receive any fees or benefits from the Company or any other party to the transactions. Accordingly, we are qualified to give independent advice in respect of the terms of the continuing connected transactions contemplated under the Integrated Insurance Procurement Agreement.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **BASIS OF OPINION**

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations made by the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us by the Directors and/or the management of the Group, for which they are solely and wholly responsible for, or contained or referred to in the Circular were true, accurate and complete in all aspects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the date of the Circular and all such statements of belief, opinions, and intentions of the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Group and/or the advisers of the Company. We have also sought and received confirmation from the management of the Group that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the management of the Group are true, accurate, complete and not misleading in aspects at the time they were made and continued to be so until the date of the General Meeting.

We consider that we have received sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospectus of the Company or any of their respective subsidiaries or associates.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinions and recommendations in respect of the Integrated Insurance Procurement Agreement, we have taken into consideration of the following factors and reasons:

#### **I. Background**

##### **1. *Background information of the Group***

As set out in the Letter of the Board, the Company is a company incorporated in Hong Kong with limited liability, the principal business of which includes “Internet+” community health management, international hospitals, elderly care and rehabilitation, as well as investment in high technology and new energy vehicle manufacturing.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 2. *Background information of Guangzhou Hengze*

As set out in the Letter of the Board, Guangzhou Hengze is a company incorporated in the PRC and a wholly-owned subsidiary of the Company, the principal business of which includes members recruitment for the Elderly Care Valley Project and operation of the four major Elderly Care Valley.

### 3. *Background information of Evergrande Life*

As set out in the Letter of the Board, Evergrande Life is a company incorporated and existing under the laws of the PRC with limited liability and a non-wholly-owned subsidiary of the China Evergrande, the Controlling Shareholder of the Company. The principal business of Evergrande Life includes the provision of life insurance, health insurance and accidental injury insurance etc.

### 4. *Financial information of the Group*

The following table summarises the financial information of the Group for the years ended 31 December 2016 and 2017 and the six months ended 30 June 2017 and 2018 as extracted from the annual report of the Company for the year ended 31 December 2017 (the “**2017 Annual Report**”) and the interim report of the Company for the six months ended 30 June 2018 (the “**2018 Interim Report**”) respectively.

	<b>For the year ended</b>		<b>For the six months ended</b>	
	<b>31 December</b>		<b>30 June</b>	
	<b>2016</b>	<b>2017</b>	<b>2017</b>	<b>2018</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Revenue from				
continuing operation				
<i>(Note)</i>				
— Sales of health and				
living projects in				
Elderly Care				
Valley	158,026	1,313,376	404,103	1,138,192
— Income from				
medical				
cosmetology and				
health				
management	<u>55,505</u>	<u>15,098</u>	<u>3,269</u>	<u>3,264</u>
<b>Total</b>	<b><u><u>213,531</u></u></b>	<b><u><u>1,328,474</u></u></b>	<b><u><u>407,372</u></u></b>	<b><u><u>1,141,456</u></u></b>



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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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	<b>For the year ended</b>		<b>For the six months ended</b>	
	<b>31 December</b>		<b>30 June</b>	
	<b>2016</b>	<b>2017</b>	<b>2017</b>	<b>2018</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Gross profit from				
continuing operation	88,593	846,302	226,418	550,676
Gross profit margin	41.5%	63.7%	55.6%	48.2%
Profit from continuing				
operation for the year/ period	49,520	304,957	65,793	200,295

*Note:* The Company no longer operated in media segment following the disposal of New Media Group Limited as disclosed in the announcement of the Company dated 26 September 2017. The Company began to engage in new energy vehicle segment in June 2018, in which the Company acquired the entire issued share capital of Season Smart Limited. Therefore, media and new energy vehicle segment are not regarded as continuing operations of the Company.

	<b>As at 31 December</b>		<b>As at 30 June</b>
	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Audited)	(Audited)	(Unaudited)
Properties under			
development	663,063	3,529,677	4,357,231
Cash and cash balances	1,033,585	2,301,683	823,251
Net current assets	952,589	3,688,612	2,855,909
Total assets	2,822,436	7,656,327	10,124,496
Total liabilities	2,255,585	6,824,086	9,094,040
Net assets	566,851	832,241	1,030,456

*For the years ended 31 December 2016 and 2017*

As illustrated in the table above, revenue from continuing operation of the Group amounted to approximately RMB1,328.5 million for the year ended 31 December 2017, representing an increase of approximately 522.1% as compared to that of approximately RMB213.5 million for the year ended 31 December 2016. The gross profit margin for the year ended 31 December 2017 increased to approximately 63.7% from approximately 41.5% for the year ended 31 December 2016. In addition, the profit from continuing operation of the Group for the year ended 31 December 2017 was approximately RMB305.0 million, representing an increase of approximately 515.8% compared to that of approximately RMB49.5 million for the year ended 31 December 2016. According to the 2017 Annual Report, such increase was mainly due to the increase in income from sales of health

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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and living projects in Elderly Care Valley for the year ended 31 December 2017. Furthermore, we noted that revenue from sales of health and living projects in Elderly Care Valley represented approximately 98.9% of total revenue derived from continuing operation of the Group for the year ended 31 December 2017.

As at 31 December 2017, total assets of the Group amounted to approximately RMB7,656.3 million, of which properties under development and cash and cash balances amounted to approximately RMB3,529.7 million and RMB2,301.7 million, representing approximately 46.1% and 30.1% of the total assets of the Group, respectively.

As at 31 December 2017, total liabilities of the Group amounted to approximately RMB6,824.1 million, of which borrowings and trade and other payables are amounted to approximately RMB5,259.4 million and RMB640.5 million, representing approximately 77.1% and 9.4% of the total liabilities of the Group, respectively.

*For the six months ended 30 June 2017 and 2018*

As illustrated in the table above, revenue from continuing operation of the Group amounted to approximately RMB1,141.5 million for the six months ended 30 June 2018, representing an increase of approximately 180.2% as compared to that of approximately RMB407.4 million for the six months ended 30 June 2017. The gross profit margin for the six months ended 30 June 2018 decreased to approximately 48.2% from 55.6% for the six months ended 30 June 2017. The profit from continuing operation of the Group for the six months ended 30 June 2018 was approximately RMB200.3 million, representing an increase of approximately 204.4% compared to that of approximately RMB65.8 million for the six months ended 30 June 2017. According to the 2018 Interim Report, the decrease in gross profit margin of the Group was mainly due to the decrease in corresponding gross profit margin from sales of health and living projects in Elderly Care Valley in different locations. The increase in revenue and profit from continuing operation was mainly due to the increase in sales of health and living projects in Elderly Care Valley for the six months ended 30 June 2018. Revenue from sales of health and living projects in Elder Care Valley represented approximately 99.7% of total revenue derived from continuing operation of the Group for the six months ended 30 June 2018.

As at 30 June 2018, total assets of the Group amounted to approximately RMB10,124.5 million, of which properties under development and cash and cash balances amounted to approximately RMB4,357.2 million and RMB823.3 million, representing approximately 43.0% and 8.1% of the total assets of the Group, respectively.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at 30 June 2018, total liabilities of the Group amounted to approximately RMB9,094.0 million, of which borrowings and trade and other payables are amounted to approximately RMB4,808.2 million and RMB2,548.6 million, representing approximately 52.9% and 28.0% of the total liabilities of the Group, respectively.

### II. THE INTEGRATED INSURANCE PROCUREMENT AGREEMENT

#### 1. Reasons for and benefits of entering into the Integrated Insurance Procurement Agreement

According to China Statistical Yearbook 2017 compiled by National Bureau of Statistics of China, the population aged 65 or over in the PRC increased from approximately 127.1 million in 2012 to approximately 150.0 million in 2016, representing an increase of approximately 18.0%. In addition, as set out in China Country Assessment Report on Ageing and Health published by World Health Organisation in 2016, the ageing population in the PRC will increase continuously and it is expected that population aged 60 or over will reach 402.0 million in 2040.

As set out in the Letter of the Board, in recent years, healthy lifestyle, nationwide wellness and wellbeing education have been avidly promoted in Mainland China as means to improving productivity, general wellbeing as well as ecological and social environment, so as to protect the right to wellness of the people in China. As part of the national strategy, integrated healthcare and elderly care services are encouraged. As set out in the work report of the Nineteen National Congress of the Communist Party of PRC at 18 October 2017, in order to respond proactively to aging population in the PRC, the PRC government would provide more integrated elderly care and medical services and accelerate the development of old-age programs and industries.

As set out in the Letter of the Board, leveraging on the strengths of the Group, the Company is actively pursuing “Health China” as the corporate strategy. Having considered rising demand for healthy lifestyle and the rise in Mainland China’s ageing population, over the past years, the Group has instituted the Evergrande Elderly Care Valley, a vision of all-rounded and all-aged healthcare service in China. Through a member service platform, the Elderly Care Valley Project integrates health insurance with prevention, treatment and wellness.

As further noted from 2018 Interim Report, the Group will further integrate resources on elderly care and wellness living, medical and commercial insurance. In the second half of 2018, it is expected that the Group plans to expand its operations to another seven livable areas. In the next five years, the Group expects to expand operation into over 100 livable healthy areas so as to provide services for Elderly Care Valley members.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As set out in the Letter of the Board, Elderly Care Valley Project is the key project of the Group to comprehensively promote membership scheme and to accumulate membership management experience. As set out in “Financial information of the Group” in this letter, in view of the significant increase in the turnover of the Group’s health and management segment in 2017, which was mainly attributable to the seven times increase in total revenue of the Elderly Care Valley from approximately RMB158.0 million in 2016 to approximately RMB1,313.4 million in 2017, the Group is determined to continue with its establishment of a full-cycle insurance system.

Based on the actual demands in regions which each Elderly Care Valley Project operates, to cater for the likelihood of its members suffering from critical illness, the Group procures group critical illness insurance for the members of Elderly Care Valley and their respective family members, as one of the services offered under the Elderly Care Valley.

Since Evergrande Life has most relevant qualifications and experience in the provision of critical illness insurance, and is equipped with sufficient software and hardware resources as well as integrated service and management systems, the Company is of the opinion that Evergrande Life can offer sophisticated critical illness insurance products and comprehensive auxiliary service across different regions which the Elderly Care Valley Project operates. At the same time, Evergrande Life can provide one-stop personalised services, hospital visits and medical appointment accompanying services as part of the claim settlement process, enabling the Group to improve the Elderly Care Valley membership experience through conducting the transactions contemplated under the Integrated Insurance Procurement Agreement, achieving a win-win situation.

Having considered that (i) the expected increase in ageing population in the PRC will continue to increase in market demand of elderly care services; (ii) the outlook of the elderly care industry will be benefited from the support of favourable policies from the PRC government; (iii) the sales of health and living projects in Elderly Care Valley is a key revenue driver of the Group; (iv) as discussed with the management of the Company, Evergrande Life has relevant qualifications and experience in providing critical illness insurance and will ensure a stable supply of high quality elderly care products and services to the Group’s Elderly Care Valley Project; and (v) the transactions contemplated under the Integrated Insurance Procurement Agreement can provide members of Elderly Care Valley Project with greater life assurance, enhance service quality, and thus provide the Group with more business opportunities, we are of the view that the entering into the Integrated Insurance Procurement Agreement is in the ordinary and usual course of business of the Group as well as in the interest of the Company and the Shareholders as a whole.

### **2. Basis of price determination of the Integrated Insurance Procurement Agreement**

As set out in the Letter from the Board, the insurance premium rates are determined with reference to, among others, relevant laws, regulations and departmental rules formulated by CBIRC such as 2015 Regulation, and the age and gender of insured persons, which complied with relevant requirements under the Notice on Issuing the Relevant Actuarial Provisions

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(Insurance Regulatory Commission [1999] No. 90)\* (《關於下發有關精算規定的通知》(保監發[1999] 90號)) (the “**Notice**”) issued by the China Insurance Regulatory Commission prescribing actuarial rules on the formulation of insurance premium.

Furthermore, the premium rates of relevant products pursuant to the Integrated Insurance Procurement Agreement shall be also determined with reference to the market price of other critical illness insurance services and the fee charged from other independent third parties by Evergrande Life for the provision of critical illness insurance services other than the Company.

As advised by the management of the Company, prior to the Group purchase of insurance in relation to the provision of membership critical illness insurance services in Xi’an Elderly Care Valley project from Xi’an Evergrande Elderly Care Valley Elderly Care Service Company Limited\* (西安恒大養生谷養老服務有限公司) (the “**Xi’an Evergrande**”), a wholly-owned subsidiary of the Company, and Evergrande Life Company Limited, Shaanxi Branch\* (恒大人壽保險有限公司陝西分公司) (the “**Shaanxi Evergrande Life**”), the Group conducted public tender and obtained quotations and proposals from four other independent insurance companies. The membership critical illness insurance procurement agreement entered between Xi’an Evergrande and Shaanxi Evergrande Life (the “**Xi’an Insurance Procurement Agreement**”) was expired on 7 November 2018. We understood from the management of the Company that, prior to and during the cooperation between Xi’an Evergrande and Shaanxi Evergrande Life, both parties have formed a positive working relationship whereby they had in-depth project discussions and formulated business plans on such project, with Evergrande Life leveraged on its prior relevant experience in provision of group critical illness insurance products. Given that Evergrande Life is familiar with Elderly Care Valley Project and the Group’s specific requirements on insurance products and plans, the Company considered that it is beneficial to the Company to continue its cooperation with Evergrande Life and further expanded its cooperation with Evergrande Life to the insurance procurement for the group critical illness insurance products and services to meet the requirements of other Elderly Care Valley Projects, and therefore the Company entered into Integrated Insurance Procurement Agreement with Evergrande Life.

We have compared the principal terms of the Xi’an Insurance Procurement Agreement and the Integrated Insurance Procurement Agreement. Save for the difference in premium rates of critical illness insurance offered in the respective agreements which was due to the difference in proportion by age and gender of the members of Xi’an Elderly Care Valley Project and all Elderly Care Valley Projects, as discussed with the management of the Company, the principal terms of the Integrated Insurance Procurement Agreement are substantially the same as the principal terms of the Xi’an Insurance Procurement Agreement.

In assessing the fairness and reasonableness of the pricing determination principles of the premium of group critical illness insurance as set out in the Integrated Insurance Procurement Agreement, we have (i) reviewed the Integrated Insurance Procurement Agreement entered into between the Group and Evergrande Life and discussed with the management of the

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Company on the pricing determination principle of the Integrated Insurance Procurement Agreement as set out in the Letter of the Board and the pricing determination principle of the Integrated Insurance Procurement Agreement which comply with the relevant requirements under 2015 Regulation and the Notice; (ii) reviewed the Group's relevant documents such as quotations and proposals submitted from Shaanxi Evergrande Life and the four independent insurance companies in relation to the provision of membership critical illness insurance services in Xi'an Elderly Care Valley Project and evaluation assessment analyses and report prepared by Xi'an Evergrande, and noted that the terms, products and services offered by Shaanxi Evergrande Life were no less favourable than other independent insurance companies; (iii) reviewed the internal walkthrough documents in relation to the open tendering process from various departments of Xi'an Evergrande and noted that the internal procedures have been complied by Xi'an Evergrande effectively; and (iv) examined the website of CBIRC and found the insurance products provided by Evergrande Life have been filed with CBIRC for recordation pursuant to the regulations.

Therefore, based on the above independent work done we have taken, we are of the view that pricing determination principles of the premium of group critical illness insurance as set out in the Integrated Insurance Procurement Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

### 3. The Annual Caps

As set out in the Letter of the Board, the Annual Caps of the Integrated Insurance Procurement Agreement are as follows:

	<b>For the year ending 31 December</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Annual Caps of the Integrated Insurance Procurement Agreement	1,000,000,000	2,000,000,000	3,000,000,000

### 4. Basis of the Annual Caps

As set out in the Letter of the Board, when determining the Annual Caps for the financial year ending 31 December 2019, 2020 and 2021, the Company has considered the following:

- (i) having considered the Group's plan to establish ten Elderly Care Valley Projects for each of the next three years ending 31 December 2021, with each project estimated to handle approximately 4,000 members with an average premium per member

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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being approximately RMB25,000, the Annual Caps contemplated under the Integrated Insurance Procurement Agreement will be calculated as follows:

estimated number of Elderly Care Valley Projects in the year × average number of members per Elderly Care Valley Project × average premium per member;

- (ii) the qualification and experience of Evergrande Life in the provision of critical illness insurance, the service coverage and pricing;
- (iii) services to be provided under the Integrated Insurance Procurement Agreement; and
- (iv) the estimated number of participants in the Elderly Care Valley Project in 2019, 2020 and 2021.

Hence, as set out in the Letter of the Board, the Annual Caps for the next three years ending 31 December 2021 under the Integrated Insurance Procurement Agreement are estimated to be approximately RMB1.0 billion, RMB2.0 billion and RMB3.0 billion, respectively.

In assessing the fairness and reasonableness of the Annual Caps, we have:

- (i) reviewed the Group's existing and future plan of Elderly Care Valley Project, the Group expected to develop approximately 14 new Elderly Care Valley Projects in 2019. As set out in the Letter on the Board, as at the Latest Practicable Date, the Elderly Care Valley Project has been set up in several cities and regions in Mainland China, including, Sanya, Haihua Island, Xi'an, Zhengzhou, Zhenjiang, Xiangtan, Yuntai Mountain, Nanjing and Chongqing. As discussed with the management of the Company, in order to maintain sustainable development, the Group will continue to establish at least ten Elderly Care Valley Projects for each of the next three years ending 31 December 2021;
- (ii) noted that there were 2,651 Elderly Care Valley members as at 31 December 2018. As discussed with the management of the Company, as the membership scheme of Elderly Care Valley Project was firstly launched in May 2018 which was not fully developed, each Elderly Care Valley Project is estimated to handle approximately 4,000 members. It is expected that the annual number participants in each of the Elderly Care Valley Project would be approximately 4,000 for the three years ending 31 December 2021 on average;
- (iii) noted that approximately 48.6% of Elderly Care Valley members are male and approximately 78.4% of Elderly Care Valley members are within the age group 30–59 as stated in the Letter of the Board. As discussed with the management of the Company and reviewed the premium rates with reference to age and gender as set out in the Integrated Insurance Procurement Agreement, the average premium rates aged 30–59 is estimated to be approximately RMB25,000; and

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (iv) obtained the full list of Elderly Care Valley members which contains members information including but not limited to their names, age, gender and their annual insurance premiums. As discussed with the management of the Company, as at the Latest Practicable Date, save for Xi'an Elderly Care Valley project, neither the Company nor its subsidiaries purchase any critical illness insurance from Evergrande Life and its subsidiaries or from other independent insurance companies. We have randomly selected and reviewed 15 group insurance application forms extracted from Xi'an Elderly Care Valley project in respect of critical illness insurance purchased by Xi'an Elderly Care Valley members (the "**Application Forms**"). Having reviewed the sample Application Forms, we noted that the actual premium rates shown in each Application Form paid by the Xi'an Elderly Care Valley members are in line with the premium rates set out in the Xi'an Insurance Procurement Agreement. Based on the above, we concur with the Directors' view that the premium rates paid by members of Elderly Care Valley projects under the Integrated Insurance Procurement Agreement is fair and reasonable.

Based on the above, we concurred with the Directors' views that the Annual Caps are fair and reasonable with reference to the number of Elderly Care Valley Projects for the three years ending 31 December 2021, the average number of members per Elderly Care Valley Project and the average premium per member.

Based on the above our independent work done in assessing the estimation of the Annual Caps of the Integrated Insurance Procurement Agreement, we are of the view that the basis and underlying assumptions of setting Annual Caps is fair and reasonable so far as the Independent Shareholders are concerned.

### **5. Other Terms**

As set out in the Letter of the Board, other terms of the Integrated Insurance Procurement Agreement include:

- (i) in addition to the insurance provision, Evergrande Life shall provide complementary services, including deploying specialists to the project site for insurance industry know-how, training and briefings on claim settlement procedures;
- (ii) Evergrande Life shall promptly respond within 24 hours from claims and provide timely feedback on the progress of claim settlement;
- (iii) provided that the payout terms under the valid insurance contracts having been fulfilled, Evergrande Life shall settle the relevant insurance payout within five business days from the time the claim settlement decision was made. Where claim condition are not fulfilled, Evergrande Life shall issue denial letter to the insured or beneficiaries stating the reasons; and



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (iv) if the yearly transaction amount incurred under the transactions contemplated under the Integrated Insurance Procurement Agreement exceeds the Annual Caps, the parties shall promptly notify to the Stock Exchange and, pursuant to the relevant requirements of the Listing Rules, comply with all necessary procedures, including to convene a general meeting of the Company for obtaining approval from the Independent Shareholders (if necessary), and to announce the continuing connected transactions. The parties endeavour to limit transaction amount to the Annual Caps to the satisfaction of relevant requirements of the Listing Rules.

We are of the view that the above terms are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

### INTERNAL CONTROL PROCEDURES

As stated in the Letter of the Board, in order to ensure the pricing policy and terms of the transaction under the Integrated Insurance Procurement Agreement are fair and reasonable and no less favourable than the terms provided by any Independent Third Party to the Group, the Group has established and will continually implement a series of internal control procedures and external supervision measures as follows:

- (1) The Group will monitor the transaction amount incurred for the transactions contemplated under the Integrated Insurance Procurement Agreement on a monthly basis to ensure that the annual insurance premium does not exceed the proposed annual caps;
- (2) The Group will prepare a CCT Report once every six months on the continuing connected transactions with Evergrande Life which will be submitted to the Group's audit committee for consideration. The content of the CCT Report includes, amongst others: (i) the Critical Illness Insurance Service premium amount within the relevant reporting period; and (ii) the status of compliance with the proposed annual caps and utilization of the proposed annual caps;
- (3) The Group's audit committee will convene meetings at least twice a year to discuss and assess the implementation of the continuing connected transactions of the Group (which include, among others, the transactions contemplated under the Integrated Insurance Procurement Agreement); and

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (4) The external auditors of the Group will conduct a review of the interim financial information of the Group for six months ending 30 June of each financial year, and an audit of the consolidated financial statements of the Group for each financial year. The external auditors of the Group will also issue a letter to the Board in relation to the continuing connected transactions of the Group for each financial year in accordance with Rule 14A.56 of the Listing Rules confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions (which include, among others, the transactions contemplated under the Integrated Insurance Procurement Agreement):
- (i) have not been approved by the Board;
  - (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision or procurement of goods or services by the Group;
  - (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and
  - (iv) have exceeded the relevant cap (which, in the case of the transactions contemplated under the Integrated Insurance Procurement Agreement, is the proposed annual caps).
- (5) In addition, according to the Listing Rules, the independent non-executive Directors will conduct an annual review with respect to the continuing connected transactions of the Group (which include, among others, the transactions contemplated under the Integrated Insurance Procurement Agreement) throughout the preceding financial year and give confirmation on the transaction amounts and terms of the transactions in each annual report of the Group. Further details of annual review of the continuing connected transactions are set out as paragraph headed “Annual Review of the Continuing Connected Transactions” in this letter.

As the above internal control procedures would be reviewed by the audit committee and the auditors of the Group to ensure full compliance with the Listing Rules, we concur with the Directors’ view that there are adequate internal control procedures and external supervision measures to ensure that the transactions contemplated under the Integrated Insurance Procurement Agreement will comply with the relevant regulatory guidelines and the terms of the Integrated Insurance Procurement Agreement.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### ANNUAL REVIEW OF THE CONTINUING CONNECTED TRANSACTIONS

The procedures to be put in place for the annual review of the continuing connected transactions as set out in the Listing Rules are as follows:

- (a) the independent non-executive directors will review the continuing connected transactions and confirm in the annual report and accounts that the continuing connected transactions have been entered into:
  - (i) in the ordinary and usual course of business of the listed issuer;
  - (ii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the listed issuer than terms available to or from (as appropriate) independent third parties; and
  - (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders as a whole;
- (b) the listed issuer's auditors will review the continuing connected transactions and issue a letter to the board confirming that the continuing connected transactions:
  - (i) have received the approval of the board of directors;
  - (ii) are in accordance with the pricing policies of the listed issuer if the transactions involve provision of goods or services by the group;
  - (iii) have been entered into in accordance with the relevant agreements governing the transactions; and
  - (iv) have not exceeded the relevant caps;

the board must state in the annual report whether the auditors have made such confirmation in relation to the continuing connected transactions; and
- (c) the company will promptly notify the Stock Exchange and publish an announcement if it believes that the independent non-executive directors and/or the auditors will not be able to issue the aforesaid confirmation.

As the Integrated Insurance Procurement Agreement would be reviewed by the independent non-executive Directors and the auditors of the Company as mentioned above, we are of the view that there exist appropriate measures to govern the future execution of the Integrated Insurance Procurement Agreement and to safeguard the interests of the Independent Shareholders.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### RECOMMENDATIONS

Having considered the above principal factors and reasons, we are of the opinion that the terms of the continuing connected transactions contemplated under the Integrated Insurance Procurement Agreement are fair and reasonable, and such continuing connected transactions (including the Annual Caps) are on normal commercial terms and have been entered into during the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole. We therefore advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution to approve the Integrated Insurance Procurement Agreement. We also advise the Independent Shareholders to vote in favor of the proposed resolution to approve the Integrated Insurance Procurement Agreement at the General Meeting.

Yours faithfully,  
For and on behalf of  
**Lego Corporate Finance Limited**  
**Gary Mui**  
*Chief Executive Officer*

*Mr. Gary Mui is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He has over 19 years of experience in the finance and investment banking industry.*

*\* In this letter, the English names of the PRC laws and regulations and entities are translation of their Chinese names and included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, contains 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.

## 2. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, the interests and short positions of the Directors, chief executive and their respective associates in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) as recorded in the register maintained by the Company under Section 352 of Part XV of the SFO or as otherwise notified to the Company and Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”), are as follows:

### Long positions in the shares and underlying shares of associated corporation

Name of Director	Name of associated corporation	Capacity in which interests are held	Number of shares in associated corporation	Deemed interests in number of shares of the associated corporation	Total	Approximate percentage of the issued share capital of associated corporation as at the Latest Practicable Date
Shi Shouming	China Evergrande Group	Beneficial owner	2,700,000	3,000,000	5,700,000	0.04%
Peng Jianjun	China Evergrande Group	Beneficial owner	3,000	4,600,000	4,603,000	0.04%
Chau Shing Yim David	China Evergrande Group	Beneficial owner	600,000	400,000	1,000,000	0.01%
Qin Liyong	China Evergrande Group	Beneficial owner	2,000,000	2,140,000	4,140,000	0.02%

As at the Latest Practicable Date, saved as disclosed above, none of the Directors and the chief executive of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part

XV of the SFO), which were required to be notified to the Company and Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which were required to be notified to the Company and Stock Exchange pursuant to the Model Code as contained in Appendix 10 to the Listing Rules.

### 3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to any Director or the chief executive of the Company, other than a Director or the chief executive of the Company, the following persons had interests or short positions 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, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at General Meetings of the Company:

Name of Shareholder	Nature of interest held	Interest in the Shares	Approximate percentage of shareholding
China Evergrande Group ( <i>Note</i> )	Interest of corporation controlled by the substantial shareholder	6,479,550,000	74.99%

*Note:* Of the 6,479,550,000 Shares held, 6,479,500,000 Shares were held by Evergrande Health Industry Holdings Limited and 50,000 Shares were held by Acelin Global Limited, both being wholly owned by China Evergrande Group.

### 4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation).

### 5. COMPETING INTERESTS

As at the Latest Practicable Date, the Directors of the Company or any candidate Director or their respective close associates did not have any interest in the business that constituted or might constitute competition with the Group's business, nor was there any other conflict of interest with the Group.

## 6. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors had material interest in any contract or arrangement of significance in relation to the Group's business. As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets acquired, disposed of by or leased to or which are proposed to be acquired, disposed of, or leased to, any member company of the Group since 31 December 2017, being the date to which the latest published audited consolidated financial statements of the Company were made up.

## 7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that, to the knowledge of the Directors, there was no other material adverse change in the financial or trading position of the Group since 31 December 2017, being the date to which the latest published audited consolidated financial statements of the Group were made up.

## 8. LITIGATION AND CLAIMS

Save as disclosed in the Company's announcements dated 25 June 2018, 7 October 2018, 25 October 2018, 7 November 2018, 12 November 2018, 18 November 2018, 29 November 2018 and 31 December 2018, as at the Latest Practicable Date, neither the Company nor any other member of the Group was involved in any litigations or claims and no litigations or claims of material importance was pending or threatened against the Company or any member of the Group.

## 9. CONSENT AND QUALIFICATION OF EXPERT

The following is the qualification of the expert who has provided opinion or advice in this Circular:

<b>Name</b>	<b>Qualification</b>
Lego Corporate Finance	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

- (a) As at the Latest Practicable Date, Lego Corporate Finance did not have beneficial interests in shares of any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group.
- (b) As at the Latest Practicable Date, Lego Corporate Finance did not have any direct or indirect interest in any assets which had been acquired or disposed of by, or leased to the Group, or are proposed to be acquired or disposed of by, or leased to the Group since 31 December 2017, being the date to which the latest published audited consolidated financial statements of the Company were made up.

- (c) As at the Latest Practicable Date, Lego Corporate Finance has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which it appears (if applicable).

#### **10. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents will be available for inspection at the principal place of business of the Company in Hong Kong at 23rd Floor, China Evergrande Centre, 38 Gloucester Road, Wanchai, Hong Kong during normal business hours on any business day (public holidays excluded) from the date of this circular up to and including 15 February 2019:

- (a) the Integrated Insurance Procurement Agreement referred to in this circular;
- (b) the letter from the Independent Board Committee, the text of which is set out on page 17 to page 18 of this circular;
- (c) the letter from the Independent Financial Adviser, the text of which is set out on page 19 to page 34 of this circular;
- (d) the letter of consent from Lego Corporate Finance referred to in the paragraph headed “Expert, its Qualification and Letter of Consent” in this appendix; and
- (e) this circular.



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## NOTICE OF GENERAL MEETING

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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)**

### NOTICE OF GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the general meeting (the “**General Meeting**”) of Evergrande Health Industry Group Limited (the “**Company**”) will be held at Ballroom C, 5th Floor, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong on Monday, 25 February 2019 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions of the Company. Terms and expressions that are not expressly defined in this notice of general meeting shall have the same meaning as those defined in the circular to the shareholders of the Company dated 1 February 2019 (the “**Circular**”).

### ORDINARY RESOLUTION

**“THAT:**

- (a) the Integrated Insurance Procurement Agreement, and the consummation of the transactions contemplated thereunder (including the proposed annual caps) based on the terms and conditions under the Integrated Insurance Procurement Agreement (further details of which are set out in the Circular) are hereby approved, confirmed and ratified in all respects; and
- (b) to authorize any of the directors of the Company (“**Directors**”) to complete and do all such acts and things or to sign or execute such other documents or supplemental agreements or to sign or execute such other documents or supplemental agreements or amendments for the Company, such Director or, as the case may be, the Board may consider necessary, desirable or expedient or in the interest of the Company to give effect to the terms of the matters contemplated under the Integrated Insurance Procurement Agreement, all transactions contemplated thereunder and all other matters incidental thereto or in connection therewith.”

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

Hong Kong, 1 February 2019

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## NOTICE OF GENERAL MEETING

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*Notes:*

- (i) A member of the Company entitled to attend and vote at the General Meeting convened by the above notice is entitled to appoint one, or if he/she is a holder of more than one share, or more proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
- (ii) In order to be valid, the form of proxy must be in writing under the hand of the appointor or his/her attorney duly authorized in writing, or if the appointor is a corporation, either under its common seal, or under the hand of an officer or attorney duly authorized on that behalf, and must be deposited at the Company's Share Registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney, not less than 48 hours before the time for holding the General Meeting or adjourned meeting.
- (iii) Where there are joint holders of any share, any one of such joint holder may vote, either in person 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 be present at the General Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and, for this purpose, seniority shall be determined by the order in which the names stand in the register in respect of the joint holding of such share.
- (iv) For the purpose of ascertaining Shareholders' right to attend and vote at the above meeting, the register of members of the Company will be closed and the relevant details are set out below:

Latest time to lodge transfer: 4:30 p.m. on Tuesday, 19 February 2019

Book closure: Wednesday, 20 February 2019 to Monday, 25 February 2019

Record date: Monday, 25 February 2019

During the above closure period, no transfer of shares will be registered. In order to qualify for the right to attend and vote at the above meeting, all relevant share certificates and properly completed transfer forms must be lodged for registration with the Company's Share Registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong before the above latest time to lodge transfer.

- (v) Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the General Meeting.
- (vi) Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions set out in this notice will be decided by poll at the General Meeting. Where the Chairman in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted, such resolution will be decided by a show of hands.
- (vii) If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 1:00 p.m. and before the above General Meeting time, the meeting will be postponed. The Company will post an announcement on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website (<http://www.evergrandehealth.com>) to notify Shareholders of the date, time and place of the rescheduled meeting.