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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)**

**CONTINUING CONNECTED TRANSACTIONS  
INTEGRATED INSURANCE PROCUREMENT AGREEMENT**

**INTEGRATED INSURANCE PROCUREMENT AGREEMENT**

The Board of the Company hereby announces that, 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 shall procure group critical illness insurance based on the actual demand in the area covered by the Elderly Care Valley Project for the members of Elderly Care Valley of Guangzhou Hengze and their respective family members, and Guangzhou Hengze shall pay the insurance premium to Evergrande Life. Subject to the approval by the independent shareholders at the general meeting, the term of the Integrated Insurance Procurement Agreement shall commence on the date of the general meeting and shall continue up to and including 31 December 2021.

**LISTING RULE IMPLICATIONS**

As at the date of this announcement, 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 highest applicable percentage ratio in respect of the proposed annual caps under the Integrated Insurance Procurement Agreement exceeds 5%, the transactions contemplated under the Integrated Insurance Procurement Agreement are subject to reporting, annual review, announcement and independent Shareholders' approval pursuant to Chapter 14A of the Listing Rules. Therefore, the Integrated Insurance Procurement Agreement and the proposed annual caps are subject to independent Shareholders' approval at the general meeting.

## **GENERAL MEETING**

Pursuant to the requirements of the Listing Rules, the Company will hold a general meeting for the purpose of obtaining independent Shareholders' approval on the Integrated Insurance Procurement Agreement and the proposed annual caps set out thereunder. As China Evergrande and its associate(s) have material interests in the Integrated Insurance Procurement Agreement, China Evergrande and its associate(s) will abstain from voting on the resolution(s) proposed for approval on aforementioned matters in relation to the Integrated Insurance Procurement Agreement at the general meeting.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An independent board committee has been formed to make recommendations to independent Shareholders as to the fairness and reasonableness of the Integrated Insurance Procurement Agreement and the proposed annual caps, and to advise the independent Shareholders on how to vote.

Lego Corporate Finance Limited has been appointed, with the approval of the independent board committee, as the independent financial adviser to make recommendations to the independent board committee and the independent Shareholders as to the fairness and reasonableness of the Integrated Insurance Procurement Agreement and the proposed annual caps to the independent Shareholders, and to advise the independent Shareholders on how to vote at the general meeting.

## **CIRCULAR**

A circular containing, *inter alia*, (i) further details of the Integrated Insurance Procurement Agreement and the proposed annual caps; (ii) letter from independent board committee regarding the Integrated Insurance Procurement Agreement and the proposed annual caps; (iii) letter from independent financial adviser regarding the Integrated Insurance Procurement Agreement and the proposed annual caps; and (iv) other information as required under the Listing Rules, together with the notice of the general meeting, will be despatched to the Shareholders on or before 1 February 2019 in accordance with the requirements of the Listing Rules.

## **BACKGROUND**

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 shall procure group critical illness insurance based on the actual demand in the area covered by its Elderly Care Valley Project for the members of Elderly Care Valley of Guangzhou Hengze and their respective family members, and Guangzhou Hengze shall pay the insurance premium to Evergrande Life. The principal terms of the Integrated Insurance Procurement Agreement are as follows:

## Principal terms of the Integrated Insurance Procurement Agreement

Date	11 January 2019
Parties	Guangzhou Hengze and Evergrande Life
Services to be provided	During the term, Evergrande Life and its branches may provide Guangzhou Hengze, its subsidiaries and/or its branches with insurance services such as underwriting, preservation and claim settlement for the policyholder and the insured person according to the terms and conditions of the Integrated Insurance Procurement Agreement.
Pricing policy	The premium for group critical illness insurance is calculated with reference to, among others, the age and gender, and also determined in accordance with relevant requirements under the Notice on Rules of Accuracy Calculation (《關於下發有關精算規定的通知》) (Insurance Regulatory Commission [1999] No. 90), and the product has been filed for recordation with China Banking and Insurance Regulatory Commission.
Term of the agreement	<p>Subject to the approval by the independent shareholders at the general meeting, the term of the Integrated Insurance Procurement Agreement shall commence on the date of the general meeting and shall continue up to and including 31 December 2021.</p> <p>Pursuant to the Integrated Insurance Procurement Agreement, the term can be extended by mutual agreement, subject to compliance with relevant requirements of the Listing Rules.</p>

## Proposed Annual Caps

The proposed annual caps of the Integrated Insurance Procurement Agreement are as follows:

<b>For the year ending 31 December 2019</b> <i>(RMB)</i>	<b>For the year ending 31 December 2020</b> <i>(RMB)</i>	<b>For the year ending 31 December 2021</b> <i>(RMB)</i>
1,000,000,000.00	2,000,000,000.00	3,000,000,000.00

In arriving at the above proposed annual caps, the following factors were taken into considerations:

- (1) in view of 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 the average premium per member being approximately RMB25,000, the proposed annual caps contemplated under the Integrated Insurance Procurement Agreement (i.e. the estimated yearly insurance premium amount for the members) will be calculated as follows:

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

hence the proposed annual caps for the next three years ending 31 December 2021 are estimated to be RMB1 billion, RMB2 billion and RMB3 billion, respectively;

- (2) comprehensive consideration of factors including the qualification and experience of Evergrande Life in the provision of critical illness insurance, its service coverage and prices;
- (3) services to be provided under the Integrated Insurance Procurement Agreement; and
- (4) the estimated number of participants in the Elderly Care Valley Project in 2019, 2020 and 2021.

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

## **REASON AND BENEFIT FOR ENTERING INTO THE INTEGRATED INSURANCE PROCUREMENT AGREEMENT**

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

The Elderly Care Valley Project is the key project of the Group to comprehensively promote membership scheme and to accumulate membership scheme management experience. Since Evergrande Life has relevant qualifications and experience in the provision of critical illness insurance, sufficient software and hardware resources as well as integrated service and management systems, the Company is of the opinion that Evergrande Life can provide 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 also provide one-stop personalized services as well as hospital visit and medical appointment accompanying services for the Elderly Care Valley Project, which enables the Group to improve the experience of the members of the Elderly Care Valley through

conducting the transactions contemplated under the Integrated Insurance Procurement Agreement. Based on the foregoing, the Directors consider that the proposed entering into of the Integrated Insurance Procurement Agreement is in the interests of the Company and its Shareholders as a whole.

The Directors of the Company (including the independent non-executive Directors of the Company (save and except for Mr. CHAU Shing Yim David)) believe that, the terms of the Integrated Insurance Procurement Agreement are fair and reasonable, on normal commercial terms and beneficial 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. Mr. CHAU Shing Yim David, an independent non-executive Director, 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) 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 OF GUANGZHOU HENGZE AND EVERGRANDE LIFE**

### **Guangzhou Hengze**

Guangzhou Hengze is a company incorporated in the PRC and a wholly-owned subsidiary of the Company, the principal business activities of which include members 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.

## **LISTING RULE IMPLICATIONS**

As at the date of this announcement, 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 highest applicable percentage ratio in respect of the proposed annual caps under the Integrated Insurance Procurement Agreement exceeds 5%, the transactions contemplated under the Integrated Insurance Procurement Agreement are subject to reporting, annual review, announcement and

independent Shareholders' approval pursuant to Chapter 14A of the Listing Rules. Therefore, the Integrated Insurance Procurement Agreement and the proposed annual caps are subject to independent Shareholders' approval at the general meeting.

## **GENERAL MEETING**

Pursuant to the requirements of the Listing Rules, the Company will convene a general meeting for the purpose of obtaining independent Shareholders' approval on the Integrated Insurance Procurement Agreement and the proposed annual caps. As China Evergrande and its associate(s) have material interests in the Integrated Insurance Procurement Agreement, China Evergrande and its associate(s) will abstain from voting on the resolution(s) proposed for approval on aforementioned matters in relation to the Integrated Insurance Procurement Agreement at the general meeting.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An independent board committee has been formed to make recommendations to independent Shareholders as to the fairness and reasonableness of the Integrated Insurance Procurement Agreement and the proposed annual caps, and to advise the independent Shareholders on how to vote.

Lego Corporate Finance Limited has been appointed, with the approval of the independent board committee, as the independent financial adviser to make recommendations to the independent board committee and the independent Shareholders as to the fairness and reasonableness of the Integrated Insurance Procurement Agreement and the proposed annual caps to the independent Shareholders, and to advise the independent Shareholders on how to vote at the general meeting.

## **CIRCULAR**

A circular containing, *inter alia*, (i) further details of the Integrated Insurance Procurement Agreement and the proposed annual caps; (ii) letter from independent board committee regarding the Integrated Insurance Procurement Agreement and the proposed annual caps; (iii) letter from independent financial adviser regarding the Integrated Insurance Procurement Agreement and the proposed annual caps; and (iv) other information as required under the Listing Rules, together with the notice of the general meeting, will be despatched to the Shareholders on or before 1 February 2019 in accordance with the requirements of the Listing Rules.

## **Xi'an Evergrande Elderly Care Valley Elderly Care Service**

On 24 May 2018, 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), 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) entered into a membership critical illness insurance procurement agreement, incurring a transaction amount of approximately RMB63 million as at the date of this announcement. The agreement was terminated by both parties on 7 November 2018. Both parties then entered into another agreement on 8 November 2018. However, the aforementioned agreement did not fully comply with the requirements of Chapter 14A of the Listing Rules, and the Company did not issue an announcement in a timely manner under the

requirements of Chapter 14A of the Listing Rules. The Company would like to apologize for failure to promptly comply with the requirements of Chapter 14A of the Listing Rules. In order to ensure compliance with the Listing Rules relating to the existing or future connected transactions of the Group, and to prevent the re-occurrence of similar incidents, the Company has implemented the following remedies to strengthen its internal control procedures:

- (1) the management has been reminded by the Company to consult the legal adviser promptly on any potential transaction which may constitute discloseable and/or connected transactions under the Listing Rules;
- (2) the Company has enhanced communication between the management and professional advisers regarding compliance advice; and
- (3) the Company has requested that each director and senior management member of the relevant company to attend a training session held by the Company's legal adviser regarding the requirements of Chapter 14A of the Listing Rules.

## **DEFINITIONS**

“associate(s)”	has the same meaning as that defined under the Listing Rules
“Board”	the board of directors of the Company
“China Evergrande”	China Evergrande Group, a company incorporated in the Cayman Islands with limited liability, being the controlling shareholder of the Company whose shares are listed on the Main Board of the Stock Exchange (stock code: 3333)
“Company”	Evergrande Health Industry Group Limited
“connected person”, “connected transaction” and “controlling shareholder”	have the same meanings as those defined under the Listing Rules
“Insurance Services”	critical illness insurance and other services to be provided to the members of 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
“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 Health”	Evergrande Health Industry Group Limited, a company incorporated in Hong Kong with limited liability whose issued shares are listed on the Main Board of the Stock Exchange (stock code: 708)
“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
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Integrated Insurance Procurement Agreement”	the integrated insurance procurement agreement for procurement of critical illness insurance for Evergrande Elderly Care Valley members 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
“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 announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	the holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the same meaning as that defined under the Listing Rules

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

Hong Kong, 11 January 2019



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

*\* For identification purpose only*