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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)**

**DISCLOSEABLE TRANSACTION  
FURTHER INVESTMENT IN THE TARGET COMPANY**

**THE PRESENT ACQUISITION**

The Company announces that, on 26 July 2019, the Purchaser, a wholly-owned subsidiary of the Company, has entered into the Share Sale and Purchase Agreement with the Seller in relation to the Present Acquisition, pursuant to which the Purchaser agrees to acquire, and the Seller agrees to sell, the Sale Equity (i.e. 9.5890% equity interest of the Target Company), free from all encumbrances, for a total consideration of RMB178,474,931.

As at the date of this announcement, the Purchaser holds 70.27% equity interest in the Target Company.

Upon completion of the Present Acquisition, the Purchaser will hold an aggregate of 79.859% of the equity interest in the Target Company.

**LISTING RULES IMPLICATIONS**

The applicable percentage ratios (calculated in accordance with Rule 14.07 of the Listing Rules) in respect of the transactions under the 12.2% Acquisition or the Present Acquisition, on a standalone basis, are less than 5%. However, as both of the 12.2% Acquisition and the Present Acquisition involve acquisitions of equity interest in the Target Company by the Group within a 12-month period, they are aggregated pursuant to Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio (calculated in accordance with Rule 14.07 of the Listing Rules), upon aggregation of the Aggregated Acquisitions, exceeds 5% but is less than 25%, the Present Acquisition constitutes a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement thereunder.

The Aggregated Acquisitions when aggregated with the 58.07% Acquisition would result in a major transaction of the Company but not a higher transaction classification, and the Company is therefore not required to reclassify the Aggregated Acquisitions by aggregating them with the 58.07% Acquisition.

## **BACKGROUND**

Reference is made to the announcement and the circular of the Company dated 24 January 2019 and 26 April 2019, respectively, in relation to the 58.07% Acquisition.

## **THE 12.2% ACQUISITION**

On 2 July 2019, the Purchaser has entered into a share sale and purchase agreement with China Automotive in relation to the 12.2% Acquisition, pursuant to which the Purchaser agrees to acquire, and China Automotive agrees to sell, 12.2% equity interest of the Target Company, free from all encumbrances, for a total consideration of RMB227,048,400. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, China Automotive, together with its ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

As at the date of this announcement, the Purchaser holds 70.27% equity interest in the Target Company.

## **THE PRESENT ACQUISITION**

The Company announces that, on 26 July 2019, the Purchaser, a wholly-owned subsidiary of the Company, has entered into the Share Sale and Purchase Agreement with the Seller in relation to the Present Acquisition, pursuant to which the Purchaser agrees to acquire, and the Seller agrees to sell, the Sale Equity (i.e. 9.5890% equity interest of the Target Company), free from all encumbrances, for a total consideration of RMB178,474,931.

## **THE SHARE SALE AND PURCHASE AGREEMENT**

**Date** 26 July 2019

**Parties** (1) the Purchaser; and  
(2) the Seller

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Seller, together with its ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

## **CONSIDERATION**

The consideration of RMB178,474,931 will be settled by the Group by internal resources and was agreed upon on normal commercial terms and after arm's length negotiations between the Purchaser and the Seller.

The consideration was determined based on the overall valuation of the Target Company of RMB1,861,000,000.

Pursuant to the Share Sale and Purchase Agreement, the consideration for the Sale Equity is RMB178,474,931, which shall be satisfied by the Purchaser in instalments in the following manner:

1. First Instalment: RMB135,280,567, payable within 15 business days from the date of the Share Sale and Purchase Agreement; and
2. Second Instalment: RMB43,194,364, payable within 5 business days from the date on which the Equity Transfer is registered at the relevant administration for industry and commerce.

In light of the above, the Directors are of the view that the consideration is fair and reasonable, was determined on the basis of normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

## **COMPLETION**

Pursuant to the Share Sale and Purchase Agreement, within 10 business days after the date of the Share Sale and Purchase Agreement, an application at the relevant administration for industry and commerce for the registration of the Equity Transfer shall be lodged.

## **INFORMATION ON THE GROUP**

The principal business activities of the Group include the “Internet+” community health management, international hospitals and elderly care and rehabilitation, as well as the investments in high technology new energy vehicle manufacture.

## **INFORMATION ON THE SELLER**

The Seller is a company established in the PRC and is principally engaged in the sales of communication equipment, the technical development and sales of electronic power equipment and other domestic trades.

## **INFORMATION ON THE TARGET COMPANY**

As at the date of this announcement and prior to completion of the Present Acquisition, 70.27% equity interest in the Target Company is held by the Purchaser. The Target Company is a non-wholly-owned subsidiary of the Company.

Established in the PRC, the Target Company is one of the leading enterprises in the industry focusing on ternary pouch type power battery. It was co-founded by China Automotive, an institution directly under the State-owned Assets Supervision and Administration Commission of the State Council, and ENAX, Inc. in Japan, with technology originating from Kazunori Ozawa, known as the “Father of Lithium Battery”, and his research and development team. The Target Company is among the first batch of companies in the PRC satisfying the “Standard Conditions for the Automobile Power Battery Industry” (《汽車動力蓄電池行業規範條件》) and is one of the key standard establishers for domestic power battery and battery system series. The Target Company has a global research and development team of over 300 experts, a technical team of over 1,500 personnel and four major production bases located in Shanghai, Jiangxi, Guangxi and Jiangsu. In 2018, among its industry peers in the PRC, it ranked top-ten in terms of installed battery capacity and top three in terms of pouch type power battery.

The ternary pouch type product of the Target Company is industry-leading in many key indicators, including safety, energy density and cycle count. In particular, no safety-related accidents have ever been recorded from products installed with its batteries; its safety levels at the absolute leading standard in the industry.

As at 30 June 2019, the unaudited book value of the Target Group amounted to approximately RMB968 million. The audited net loss (both before and after tax) attributable to the Target Group for the two financial years in 2017 and 2018 are as follows:

	<b>For the year ended (RMB)</b>	
	<b>2017</b>	<b>2018</b>
Net loss before and after tax	(72,073,000)	(177,363,000)

Upon completion of the Present Acquisition, the Purchaser will hold 79.859% equity interest in the Target Company.

## **REASONS FOR AND BENEFITS OF THE PRESENT ACQUISITION**

The Group acquires the Sale Equity of the Target Company with the aim of completing the layout of its new energy vehicle industry production chain as a whole. Power battery, being a core component of new energy vehicles, is crucial to making the new energy vehicle industry bigger and stronger. By further investing in the Target Company, the Group wishes to strengthen its achievement in the research and development of world-leading power battery technologies by utilizing international resources, leveraging on industrial synergies and placing the Group in a more advantageous position when facing intense market competition in the future.

The Directors believe that the terms of the Share Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## LISTING RULES IMPLICATIONS

The applicable percentage ratios (calculated in accordance with Rule 14.07 of the Listing Rules) in respect of the transactions under the 12.2% Acquisition or the Present Acquisition, on a standalone basis, are less than 5%. However, as both of the 12.2% Acquisition and the Present Acquisition involve acquisitions of equity interest in the Target Company by the Group within a 12-month period, they are aggregated pursuant to Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio (calculated in accordance with Rule 14.07 of the Listing Rules), upon aggregation of the Aggregated Acquisitions, exceeds 5% but is less than 25%, the Present Acquisition constitutes a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement thereunder.

The Aggregated Acquisitions when aggregated with the 58.07% Acquisition would result in a major transaction of the Company but not a higher transaction classification, and the Company is therefore not required to reclassify the Aggregated Acquisitions by aggregating them with the 58.07% Acquisition.

**There can be no assurance that any forward-looking statements regarding the business development of the Group set out in this announcement 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.**

## DEFINITIONS

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

- |                           |  |
|---------------------------|--|
| “58.07% Acquisition”      | the acquisition of the 58.07% equity interest in the Target Company by the Purchaser from Shenzhen Clou Electronics Co., Ltd. (深圳市科隆電子科技股份有限公司) pursuant to the terms and conditions of the share sale and purchase agreement dated 24 January 2019, details of which are set out in the announcement and the circular of the Company dated 24 January 2019 and 26 April 2019; |
| “12.2% Acquisition”       | the acquisition of the 12.2% equity interest in the Target Company by the Purchaser from China Automotive pursuant to the terms and conditions of the share sale and purchase agreement dated 2 July 2019;   |
| “Aggregated Acquisitions” | collectively, the 12.2% Acquisition and the Present Acquisition;   |

“Company”	Evergrande Health Industry Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed and traded on the Stock Exchange;
“China Automotive”	China Automotive Technology Research Center Co., Ltd.* (中國汽車技術研究中心有限公司);
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	director(s) of the Company;
“Equity Transfer”	the transfer of the Sale Equity by the Seller to the Purchaser pursuant to the Share Sale and Purchase Agreement;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Present Acquisition”	the acquisition of the Sale Equity by the Purchaser from the Seller pursuant to the terms and conditions of the Share Sale and Purchase Agreement;
“PRC”	the People’s Republic of China, which, for the purposes of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“Purchaser”	Evergrande Neoenergy Technology Group Co., Ltd. (恒大新能源科技集團有限公司), formerly known as Evergrande New Energy Power Technology (Shenzhen) Company Limited* (恒大新能源科技(深圳)有限公司) and a wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Equity”	the 9.5890% equity interest held by the Seller in the registered capital of the Target Company, being RMB625,720,000;
“Seller”	Shenzhen Bangya Electronics Co., Ltd. (深圳市邦亞電子科技有限公司);
“Share(s)”	ordinary share(s) of the Company;
“Shareholder(s)”	holder(s) of the Shares;

“Share Sale and Purchase Agreement”	the share sale and purchase agreement dated 26 July 2019 in relation to the Present Acquisition entered into by the Purchaser and the Seller;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Shanghai CENAT New Energy Company Limited (上海卡耐新能源有限公司), a limited liability company established and validly existing under the laws of the PRC and the target company under the Share Sale and Purchase Agreement, of which 70.27% equity interest in its registered capital is held by the Purchaser before the Present Acquisition and is a non-wholly-owned subsidiary of the Company;
“Target Group”	The Target Company and its subsidiaries;
“%”	Per cent.

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

Hong Kong, 26 July 2019

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

\* *For identification purpose only*