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## **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)

### **RESTRUCTURING AGREEMENT**

This announcement is made by Evergrande Health Industry Group Limited (the "**Company**") pursuant to Rule 13.09 of the Rules (the "**Listing Rules**") Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and Part XIVA of the Securities and Futures Ordinance (Cap. 571).

Reference is made to the announcements dated 25 June, 7 October, 25 October, 7 November and 12 November, 18 November and 29 November 2018, and the circular of the Company dated 7 December 2018. Unless context requires otherwise, capitalised terms shall bear the same meanings as defined in the said circular.

#### **Restructuring Agreement**

On 31 December 2018, the Company, Season Smart, Smart King Ltd. (the Joint Venture) and other relevant parties entered into a restructuring agreement (the "**Restructuring Agreement**") which has become effective. The major terms of the Restructuring Agreement include the following:

1. Season Smart's investment into the Joint Venture is restructured as follows:
  - ownership of 32% (on a fully-diluted basis) preference shares in the Joint Venture;
  - ownership of 100% shares in Evergrande FF Holding (Hong Kong) Limited ("**FF HK**"), a wholly-owned subsidiary of the Joint Venture, together with other rights under the Restructuring Agreement, at an aggregate consideration of US\$200 million. FF HK owns relevant PRC assets of Faraday Future.
2. All the original agreements (including the Joint Venture Shareholders Agreement and the Merger Agreement) are terminated with immediate effect. Season Smart will no longer be required to make additional investment into the Joint Venture pursuant to the original agreements. Season Smart has also agreed to release all security.

3. The parties have agreed to withdraw and waive all current litigations and arbitration proceedings, and all rights to any future claims.
4. Original shareholder is entitled to a call option (the "**Call Option**") to purchase Season Smart's 32% shares within 5 years. The exercise price of the Call Option is at follows:

Exercise within the 1st year: US\$600 million  
Exercise within the 2nd year: US\$700 million  
Exercise within the 3rd year: US\$800 million  
Exercise within the 4th year: US\$920 million  
Exercise within the 5th year: US\$1.05 billion

### **Reasons for and benefits of the Restructuring Agreement**

The entering into the Restructuring Agreement will enable the Company to focus on its business development, and will support the Joint Venture to obtain financing and to develop.

The directors of the Company consider that the terms and conditions of the Restructuring Agreement are fair and reasonable, and are in the interests of the Company and its shareholders as a whole.

### **Listing Rules implications**

The consideration for acquiring FF HK is US\$100 million. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of such acquisition exceeds 5% but are less than 25%, such acquisition constitutes a discloseable transaction of the Company and is subject to the announcement requirement under the Listing Rules.

Pursuant to Rule 14.72 of the Listing Rules, the granting of the Call Option (the exercise of which is not at the discretion of the Company or Season Smart) is treated as if it has been exercised. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the granting of the Call Option exceeds 5% but are less than 25%, the granting of the Call Option constitutes a discloseable transaction of the Company and is subject to the announcement requirement under the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the original shareholder, the Joint Venture and other companies related to the original shareholder are not connected persons of the Company.

### **Financial information of the Joint Venture**

As at 30 May 2018, the unaudited book value of the Joint Venture and its subsidiaries was approximately US\$110,583,000.

The unaudited loss attributable to the Joint Venture and its subsidiaries for the financial years ended 2016 and 2017 (including loss before and after taxation), respectively, is as follows:

	<b>Year ended</b>	
	<b>2016</b> <b>(unaudited)</b>	<b>2017</b> <b>(unaudited)</b>
Loss before and after tax	approximately US\$(568,988,000)	approximately US\$(339,619,000)

As the Joint Venture will be treated as an associate of the Group under Hong Kong Financial Reporting Standards, the Group will continue to use equity accounting method to account for the Joint Venture.

#### **Information about Smart Technology**

Smart Technology is a wholly-owned subsidiary of the Joint Venture. Its principal business activities are the holding of shares in certain companies within the Faraday Future group.

#### **Information about the Group**

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

**Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 31 December 2018

*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.*