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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 NEVS**

THE INVESTMENT AGREEMENT

The Board is pleased to announce that on 10 November 2019, Mini Minor has entered into the Investment Agreement with National Modern, pursuant to which, among other things:

- (a) Mini Minor has agreed to make further investments into NEVS by (i) subscribing for the NEVS New Shares (representing approximately 42.19% of the enlarged issued share capital of NEVS) at an aggregate subscription price of SEK539,943,400 (equivalent to approximately HK\$438,758,007); and (ii) additionally, making a payment in cash or in assets to NEVS in a total amount of US\$2,852,843,395.14 (equivalent to approximately HK\$22,320,646,724) by various installments for the Unconditional Shareholders' Contribution. The shareholders' contribution will be made within one year from the date of the Investment Agreement at such date and time and in such manner as Mini Minor may in its absolute discretion determine.
- (b) Mini Minor has agreed to purchase, and National Modern has agreed to sell, the NEVS Sale Shares at a total consideration of US\$91,196,382.24 (equivalent to approximately HK\$713,520,495), and National Modern has undertaken to Mini Minor that it shall apply the proceeds of sale of the NEVS Sale Shares to settle its debt owed to NEVS in that amount.

NEVS is a subsidiary of the Company. Upon completion of the above transactions, NEVS will be held as to 82.4% (being 68% previously) by Mini Minor and 17.6% (being 32% previously) by National Modern.

BASIS FOR DETERMINATION OF THE TOTAL INVESTMENT AMOUNT

The total amount of US\$3,000,000,000 for the Further Investment is intended to be settled by the Group's internal resources. Such amount was determined on normal commercial terms and after arm's length negotiations between Mini Minor and National Modern with reference to (i) the business plan and funding needs of NEVS; (ii) the valuation of NEVS undertaken during the Group's previous round of capital contribution to NEVS. Based on the above, the Directors (including the independent non-executive Directors) consider that the Further Investment is fair and reasonable, was determined on the basis of normal commercial terms and is in the interest of the Company and the Shareholders as a whole.

INFORMATION OF THE COMPANY, MINI MINOR AND NATIONAL MODERN

The Group

The principal business activities of the Group include international hospitals and elderly care and rehabilitation, as well as the investments in high technology new energy vehicle manufacture.

Mini Minor

Mini Minor is a company incorporated in the British Virgin Islands with limited liability. The principal business activity of Mini Minor is investment holding of shares in NEVS as at the date of this announcement.

National Modern

National Modern is a company incorporated in the British Virgin Islands with limited liability and is the holder of 32% issued shares in NEVS as at the date of this announcement. Its principal business activity is investment holding. As at the date of this announcement, National Modern, being a shareholder of a subsidiary of the Company, is a connected person at the subsidiary level according to Rule 14A.07(1) of the Listing Rules. To the best of the Company's knowledge, information and belief having made all reasonable enquiries, as NEVS was established by the founder of National Modern, and was not acquired from a third party, there is no original acquisition cost for NEVS Sale Shares.

FINANCIAL INFORMATION OF NEVS

The financial information of NEVS as extracted from the consolidated financial statements of NEVS prepared in accordance with the International Financial Reporting Standards for each of the financial years ended 31 December 2017 and 31 December 2018 has been set out below.

	For the financial year ended 31 December 2017 (SEK)	For the financial year ended 31 December 2018 (SEK)
Revenue	72,330,000 (equivalent to approximately HK\$63,259,818 [#])	73,827,000 (equivalent to approximately HK\$64,569,094 [#])
Net loss before and after tax	(996,262,000) (equivalent to approximately HK\$871,330,745 [#])	(1,214,595,000) (equivalent to approximately HK\$1,062,284,787 [#])

The total asset value of NEVS for the financial years ended 31 December 2017 and 31 December 2018 were SEK4,967,231,000 (equivalent to approximately HK\$4,344,340,233[#]) and SEK8,537,878,000 (equivalent to approximately HK\$7,467,228,000[#]) respectively and the net asset value for the financial years ended 31 December 2017 and 31 December 2018 were SEK1.3 billion (equivalent to approximately HK\$1.136 billion[#]) and SEK451,363,000 (equivalent to approximately HK\$394,762,080[#]) respectively.

[#] *Specific historical exchange rate (i.e. SEK is converted into HK\$ at an exchange rate of SEK1 = HK\$0.8746) is adopted for the preparation of the financial information of NEVS for the years ended 31 December 2017 and 2018 respectively.*

REASONS FOR AND BENEFITS OF THE FURTHER INVESTMENT

NEVS is a subsidiary of the Company which is based in Sweden and focused on fields including intelligent electric vehicle manufacturing, motor electronic control, power battery, smart charging and travel-sharing. As at the date of this announcement, research and development work has been carried out by the wholly-owned subsidiary of NEVS for electric vehicles under the Group's own automobile brand "Hengchi".

The Company believes that the Further Investment will further replenish the general working capital of NEVS and its subsidiaries for their research, development and manufacturing, helping to facilitate the business growth of NEVS. The Directors believe that the terms of the Investment 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

As the highest applicable percentage ratio (calculated in accordance with Rule 14.07 of the Listing Rules), upon aggregation of the previous acquisitions of equity interests in NEVS by the Group and the Further Investment, exceeds 5% but is less than 25%, the Further Investment 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.

As at the date of this announcement, National Modern is a shareholder of NEVS, which is a subsidiary of the Company. Accordingly, National Modern is a connected person of the Company at the subsidiary level according to Rule 14A.07(1) of the Listing Rules. Therefore, the transactions contemplated under the Investment Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (i) National Modern is a connected person at the subsidiary level, (ii) the Board has approved the Investment Agreement and the transactions contemplated thereunder; and (iii) the independent non-executive Directors have confirmed that the terms of the Investment Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms or better and in the interests of the Company and its shareholders as a whole, the transactions contemplated under the Investment Agreement are subject to the reporting and announcement requirements, and are exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

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:

“Board”	the board of Directors
“Company”	Evergrande Health Industry Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (stock code: 708)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Further Investment”	the further investment in NEVS by way of (i) acquisition of NEVS Sale Shares; and (ii) investment in an aggregate amount of US\$2,908,803,617.76 to be funded by Mini Minor through (a) the Share Subscription and (b) the Unconditional Shareholders’ Contribution pursuant to the terms and conditions of the Investment Agreement
“Group”	the Company and its subsidiaries
“HK\$”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investment Agreement”	collectively, (i) the subscription and investment agreement entered into on 10 November 2019 between Mini Minor and National Modern in relation to the Share Subscription and the Unconditional Shareholders’ Contribution; and (ii) the transfer note between Mini Minor and National Modern in relation to the sale and purchase of the NEVS Sale Shares to be entered into on or around the same day
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mini Minor”	Mini Minor Limited, a company incorporated in the British Virgin Islands

“National Modern”	National Modern Energy Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“NEVS”	National Electric Vehicle Sweden AB, a company incorporated in Sweden
“NEVS New Shares”	5,399,434 shares in NEVS (representing approximately 42.19% of the enlarged issued share capital of NEVS) to be issued to Mini Minor pursuant to the terms and conditions of the Investment Agreement
“NEVS Sale Shares”	114,494 shares in NEVS (representing approximately 0.89% of the enlarged issued share capital of NEVS)
“PRC”	the People’s Republic of China, which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SEK”	Swedish Krona, the lawful currency of Sweden
“Share(s)”	ordinary share(s) of the Company
“Share Subscription”	the subscription of NEVS New Shares by Mini Minor pursuant to the terms and conditions of the Investment Agreement
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Unconditional Shareholders’ Contribution”	the unconditional shareholders’ contribution by Mini Minor to NEVS (either in cash or in assets as Mini Minor may determine) pursuant to the terms of the Investment Agreement

“US\$” United States dollars, the lawful currency of the United States of America

“%” per cent

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

Hong Kong, 10 November 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 illustrative purpose only, SEK is converted into HK\$ at an exchange rate of SEK1 = HK\$0.8126; and US\$ is converted into HK\$ at an exchange rate of US\$1 = HK\$7.824 in this announcement.