

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**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 AND CONNECTED TRANSACTION
ACQUISITION OF THE REMAINING SHARES OF NEVS**

References are made to the Company's announcements dated 15 January 2019 and 10 November 2019 and the Company's circular dated 25 April 2019 in relation to the acquisition of the shares of NEVS and investment in NEVS made by the Group.

THE EQUITY SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 10 June 2020, Mini Minor has entered into the Equity Sale and Purchase Agreement with National Modern, pursuant to which, Mini Minor has agreed to purchase, and National Modern has agreed to sell, the NEVS Sale Shares at a total consideration of US\$379,500,000. As at the date of this announcement, NEVS is an 82.4% subsidiary of the Company. Upon completion of the Acquisition, NEVS will become a wholly-owned subsidiary of Mini Minor.

Consideration and Payment Terms

The total consideration of US\$379,500,000 shall be paid in four instalments: the first instalment of US\$80,000,000 shall be paid upon completion of the Equity Sale and Purchase Agreement; the second instalment of US\$100,000,000 shall be paid on or before 31 July 2020; the third instalment of US\$100,000,000 shall be paid on or before 31 August 2020; and the fourth instalment of US\$99,500,000 shall be paid on or before 30 September 2020.

Basis for determination of the total consideration amount

The total consideration amount for the Acquisition is intended to be settled by the Group's internal resources.

The total consideration amount was determined on normal commercial terms and after arm's length negotiations between Mini Minor and National Modern with reference to (i) the current business conditions of NEVS and (ii) the Group's prospects and outlook of the new energy industry. Based on the above, the Directors (including the independent non-executive Directors) consider that the Acquisition 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 of the Acquisition

Pursuant to the Equity Sale and Purchase Agreement, the Acquisition is expected to be completed on 12 June 2020 (or such other date as the seller and the purchaser may agree).

INFORMATION OF THE COMPANY, MINI MINOR AND NATIONAL MODERN

The Group

The principal business activities of the Group include "Internet+" community health management, international hospitals, 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. As at the date of this announcement, the principal business activity of Mini Minor is investment holding of shares in NEVS.

National Modern

National Modern is a company incorporated in the British Virgin Islands with limited liability and is the holder of 17.6% issued shares in NEVS as at the date of this announcement. Its principal business activity is investment holding and its ultimate beneficial owner is Mr. Kai Johan Jiang. As at the date of this announcement, National Modern, being a substantial 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 the 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 the two financial years ended 31 December 2018 and 31 December 2019, respectively, have been set out below:

	For the financial year ended 31 December 2018	For the financial year ended 31 December 2019
	<i>(SEK)</i>	<i>(SEK)</i>
	(audited)	(unaudited)
Revenue	73,827,000 (equivalent to approximately HK\$64,569,094 [#])	107,925,909 (equivalent to approximately HK\$88,078,334 [#])
Net loss before tax	(1,214,595,000) (equivalent to approximately HK\$1,062,284,787 [#])	(3,133,467,009) (equivalent to approximately HK\$2,557,222,426 [#])

The total asset value of NEVS for the two financial years ended 31 December 2018 and 31 December 2019 were SEK8,537,878,000 (equivalent to approximately HK\$7,467,228,000[#]) and SEK36,072,619,603 (equivalent to approximately HK\$29,438,864,858[#]), respectively, and the net asset value for the financial years ended 31 December 2018 and 31 December 2019 were SEK451,363,000 (equivalent to approximately HK\$394,762,080[#]) and SEK18,489,961,942 (equivalent to approximately HK\$15,089,657,941[#]), respectively.

[#] *Specific historical exchange rates (i.e. SEK is converted into HK\$ at the exchange rates of SEK1 = HK\$0.8746 and SEK1 = HK\$0.8161, respectively) were adopted for the preparation of the financial information of NEVS for the two financial years ended 31 December 2018 and 31 December 2019, respectively.*

REASONS FOR AND BENEFITS OF THE ACQUISITION

NEVS is a subsidiary of the Company which is based in Sweden and focused on fields including intelligent electric vehicle manufacturing, motor electronic control, smart charging and vehicle-sharing. Upon the completion of the Acquisition, NEVS will be wholly owned by the Group. Therefore, the Group believes that the Acquisition will help consolidate the Group's market positioning within the new energy industry and enable the Group to benefit from the enormous potential of the new energy vehicle market. As at the date of the announcement, the wholly-owned subsidiaries of NEVS continued to carry out the research and development work for electric vehicles under the Group's own automobile brand "Hengchi".

The Directors believe that the terms of the Equity 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

As the highest applicable percentage ratio (calculated in accordance with Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the 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 independent Shareholders' approval requirement thereunder.

In addition, according to Rule 14.22 and Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all completed within a 12-month period or were otherwise related. The Company entered into certain agreements in relation to the acquisition of certain shares of NEVS and the investment in NEVS on 14 May 2019 and 10 November 2019. As National Modern remains as the counterparty in the Acquisition and the Acquisition is in the same nature as the previous transactions, all such transactions shall be aggregated.

Upon aggregation, the highest applicable percentage ratio (calculated in accordance with Rule 14.07 of the Listing Rules) exceeds 5% but is less than 25%. As such, the Acquisition still constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements, but is exempt from the independent Shareholders' approval requirement thereunder.

As at the date of this announcement, National Modern is a substantial 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 Equity Sale and Purchase 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 Equity Sale and Purchase Agreement and the transactions contemplated thereunder; and (iii) the independent non-executive Directors have confirmed that the terms of the Equity Sale and Purchase 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 the Shareholders as a whole, the transactions contemplated under the Equity Sale and Purchase 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.

None of the Directors have a material interest in the Equity Sale and Purchase Agreement and the transactions contemplated thereunder and therefore no Director would be required to abstain from voting on the relevant Board resolution.

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:

“Acquisition”	the acquisition of NEVS Sale Shares by Mini Minor pursuant to the terms and conditions of the Equity Sale and Purchase Agreement
“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
“Group”	the Company and its subsidiaries
“HK\$”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 Sale Shares”	2,253,267 shares in NEVS (representing approximately 17.6% of the 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
“Equity Sale and Purchase Agreement”	the agreement in relation to the Acquisition entered into on 10 June 2020 between Mini Minor and National Modern
“SEK”	Swedish Krona, the lawful currency of Sweden
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 June 2020

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.