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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)**

## **MAJOR TRANSACTION**

### **THE ACQUISITION**

The Company is pleased to announce that, on 15 January 2019, the Purchaser, a wholly-owned subsidiary of the Company, has entered into a Sale and Purchase Agreement with the Seller, pursuant to which the Purchaser agrees to acquire, and the Seller agrees to sell the Sale Shares for a total consideration of US\$930,000,000. Completion of the Acquisition took place on the date of the Sale and Purchase Agreement.

### **THE LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to the announcement and Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

The Sale and Purchase Agreement and the transactions contemplated thereunder have been approved in writing by the Controlling Shareholder. A circular setting out (among others) further details of the Sale and Purchase Agreement will be despatched to the Shareholders by the Company as soon as practicable in accordance with the Listing Rules. The Company will apply to the Stock Exchange for a waiver under Rule 14.41(a) of the Listing Rules, to despatch the circular on or before 28 March 2019, so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

## **SALE AND PURCHASE AGREEMENT**

<b>Date</b>	15 January 2019
<b>Parties</b>	(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 is an Independent Third Party.

### **Assets acquired**

Pursuant to the Sale and Purchase Agreement, the Seller agrees to sell to the Purchaser and the Purchaser agrees to acquire from the Seller the Sale Shares. The only asset of the Target Company is its 51% shareholding in NEVS. Completion of the Acquisition took place on the date of the Sale and Purchase Agreement.

### **Consideration and Payment Terms**

The total consideration of US\$930,000,000 shall be paid in two instalments: the first instalment of US\$430,000,000 had been paid on 15 January 2019, and the remaining amount shall be paid on or before 31 January 2019.

### **Basis for determination of the Consideration**

The aggregate consideration of US\$930,000,000 (to be settled by the Group by the Shareholder Loan) was determined on normal commercial terms and after arm's length negotiations between the Purchaser and the Seller. The consideration was determined with reference including but not limited to (i) the investment amount made by the Target Company in NEVS; (ii) the historical relevant assets accumulated including technology research and development personnel, business and growth prospects of NEVS and other benefits of the Acquisition.

Based on the above factors, the Directors (including the independent non-executive Directors) consider that the Consideration 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.

### **Investment of the Target Company**

Pursuant to the NEVS Investment Agreement, the Target Company holds a 51% equity interest in NEVS and the total investment amount is US\$1,100,000,000. Part of the consideration (being US\$747,000,000) was paid by the Target Company prior to the

date of this announcement, and the remaining balance of the consideration will be paid by the Target Company on or before 30 June 2019. The Target Company has additionally invested US\$153,000,000 in the form of a shareholder loan.

### **NEVS Board of Directors**

Pursuant to the NEVS Shareholder Agreement entered into between, among others, the Target Company, NMEHL and NEVS, the directors appointed by the Target Company shall compose of the majority of the NEVS Board.

### **INFORMATION ON NEVS**

NEVS, with its headquarters based in Sweden, is a global electric vehicle company focused on intelligent automobiles and is striving to become a global leader in sustainable and sharing-based smart mobility ecosystems.

In 2012, NEVS successfully acquired core assets and intellectual property rights of Saab Automobile AB, a Swedish company with 75 years of history. Carrying on the brand DNA of Saab, which sought to conjoin mobility with driver to achieve seamless driving experiences (人車合一、貼地飛行), and the profound technological heritage originated from Scandinavia, NEVS houses the world's top smart electric vehicles research and development centre in Sweden with a global research and development team consisted of over 500 personnel, and a diversified international management team with more than 1,800 employees.

The proprietary intellectual properties of NEVS cover the areas of electric battery, powertrain and control systems, in-car connectivity and production. These include battery thermal management system, automotive safety systems and an in-car air filtration and purification system, all of which are regarded as world-leading technologies. NEVS, being one of the few automobile developers with forward research and development capabilities, owns intellectual property rights over the "Phoenix" series, a platform catered specifically for the research and development of pure electric automobiles. The world-leading vehicle controller specifically designed for autonomous driving is also ready for mass production.

NEVS, as one of the ten qualified new energy automobile companies currently approved by the PRC National Development and Reform Commission and the PRC Ministry of Industry and Information Technology, has developed two pure electric vehicle models that have reached production standards. It also owns production bases in Trollhättan, Sweden and Tianjin, China, which have mass production capabilities and is planning to develop a production base in Shanghai.

## SHAREHOLDER LOAN AGREEMENT

The Company entered into the Shareholder Loan Agreement with China Evergrande on 15 January 2019. Pursuant to the Shareholder Loan Agreement, China Evergrande has agreed to provide a three-year unsecured loan in the amount of US\$1,100,000,000 to the Company at an interest rate of 8% per annum. Given that the terms under the Shareholder Loan Agreement are more favourable than those offered by the market, the Directors believe that the terms of the Shareholder Loan Agreement and the transaction contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## INFORMATION ABOUT 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 ABOUT THE SELLER

The Seller is Kerryman Holdings Limited, which to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, is an Independent Third Party. The principal business of the Seller is holding of 51 % shares in NEVS.

## FINANCIAL INFORMATION OF THE TARGET COMPANY AND NEVS

The sole asset of the Target Company is its 51% shares in 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 2016 and 31 December 2017 has been set out below.

	<b>For the financial year ended 31 December 2016 (SEK)</b>	<b>For the financial year ended 31 December 2017 (SEK)</b>
Revenue	110,740,000 (equivalent to approximately HK\$96,853,204)	34,253,000 (equivalent to approximately HK\$29,957,674)

	<b>For the financial year ended 31 December 2016 (SEK)</b>	<b>For the financial year ended 31 December 2017 (SEK)</b>
Net loss before and after taxation	(992,908,000) (equivalent to approximately HK\$868,397,337)	(996,262,000) (equivalent to approximately HK\$871,330,745)

The total asset value of NEVS for the financial year ended 31 December 2017 was SEK4,967,231,000 (equivalent to approximately HK\$4,344,340,233) and the net asset value was SEK1.3 billion (equivalent to approximately HK\$1.136 billion).

Following completion of the Acquisition, the Target Company has become a wholly-owned subsidiary of the Company, and the financial results, assets and liabilities of the Target Company are consolidated into the Group's accounts.

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

Through acquiring corporations possessing leading new energy automotive technology and production capacity, the Board believes that the Group's growth capabilities can be strengthened, and a strong competitiveness in the fast-growing new energy automotive industry can be obtained, capturing market share and diversifying the businesses of the Group. The Directors believe that the terms of the 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 in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to the announcement and Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, none of the Shareholders have a material interest in the Acquisition and therefore no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Sale and Purchase Agreement and the transactions contemplated thereunder. The Company will not be required to convene a general meeting for approving the Sale and Purchase Agreement and the transactions contemplated thereunder as the Company has obtained written Shareholder's approval from the Company's Controlling Shareholder, in lieu of

convening a general meeting as permitted by Rule 14.44 of the Listing Rules. The Controlling Shareholder directly holds 6,479,500,000 Shares in the Company, representing approximately 74.99% of the issued Shares of the Company as at the date of this announcement.

As at the date of this announcement, China Evergrande is the ultimate controlling shareholder of the Company. Accordingly, pursuant to Chapter 14A of the Listing Rules, China Evergrande is a connected person of the Company. As the Shareholder Loan Agreement constitutes financial assistance provided by a connected person of the Company for the benefit of the Group on normal commercial terms or better where no security over the assets of the Group is granted, the Shareholder Loan Agreement is exempted from the reporting, announcement, annual review and independent shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

As Mr. CHAU Shing Yim David, the independent non-executive Director, is also serving as the independent non-executive director of China Evergrande, the Company is of the view that Mr. CHAU Shing Yim David is regarded as having a material interest in the Shareholder Loan Agreement and the transactions contemplated thereunder. Accordingly, Mr. CHAU Shing Yim David has abstained from voting on the relevant board resolutions of the Company. Save as disclosed above, no other Directors had material interest in the Shareholder Loan Agreement and the transactions contemplated thereunder and no other Director has abstained from voting on the relevant board resolutions of the Company.

## **GENERAL**

A circular will be despatched to the Shareholders by the Company as soon as practicable in accordance with the Listing Rules setting out, amongst other things, further details of the Acquisition. The Company will apply to the Stock Exchange for a waiver under Rule 14.41(a) of the Listing Rules to despatch the circular on or before 28 March 2019, so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

**There can be no assurance that any forward-looking statements regarding the business development of the Enlarged 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 the Sale Shares by the Purchaser from the Seller pursuant to the terms and conditions of the Sale and Purchase Agreement
“China Evergrande”	China Evergrande Group, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (stock code: 3333)
“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”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	Evergrande Health Industry Holdings Limited, the controlling shareholder of the Company, which directly holds 6,479,500,000 Shares, representing approximately 74.99% of the issued Shares as at the date of this announcement
“Director(s)”	director(s) of the Company
“Enlarged Group”	the Company and its subsidiaries as enlarged by the Acquisition upon completion
“Group”	the Company and its subsidiaries
“HK\$”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NEVS”	National Electric Vehicle Sweden AB, a company incorporated in Sweden
“NEVS Board”	the board of directors of NEVS
“NEVS Investment Agreement”	an agreement entered into by the Target Company and NMEHL prior to the date of this announcement
“NMEHL”	National Modern Energy Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, being a shareholder of NEVS
“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”	Solution King Investments Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary by the Company
“Sale and Purchase Agreement”	the sale and purchase agreement in relation to the Acquisition entered into on 15 January 2019 between the Purchaser and the Seller (as amended and supplemented from time to time)
“Sale Shares”	300 ordinary shares in the share capital of the Target Company, being the entire share capital of the Target Company
“SEK”	Swedish Krona, the lawful currency of Sweden
“Seller”	Kerryman Holdings Limited, a company incorporated in the British Virgin Islands, is held by Mr. Howard Wong. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, is an Independent Third Party
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of Shares

“Shareholder Loan”	the unsecured loan provided by China Evergrande to the Company pursuant to the terms and conditions of the Shareholder Loan Agreement
“Shareholder Loan Agreement”	the shareholder loan agreement dated 15 January 2019 entered into by the Company as borrower and China Evergrande as lender
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Mini Minor Limited, a company incorporated in the British Virgin Islands and the target company under the Sale and Purchase 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, 15 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 illustrative purpose only, SEK is converted into HK\$ at an exchange rate of SEK 1 = HK\$0.8746 in this announcement.*