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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)

BUSINESS UPDATE

ACQUISITION OF PROTEAN HOLDINGS CORP. BY WAY OF MERGER

This announcement is made by the board (the “**Board**”) of directors (“**Directors**”) of Evergrande Health Industry Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”). The Company announces that, as at the date of this announcement, National Electric Vehicle Sweden AB (“**NEVS**”), a subsidiary of the Company, has acquired Protean Holdings Corp. (“**Protean**”) by effecting a merger of Protean with and into Virtue Surge Limited (“**Virtue Surge**”), a subsidiary of NEVS (the “**Acquisition**”).

Protean is the world leader of in-wheel electric motor technology for passenger cars. The products of Protean represent one of the highest levels within the industry, equipped with excellent performance and durability, and its technology research and development has provided better solutions for several industry-wide issues including in-wheel electric motor control, safety, steadiness, thermal management. The proprietary softwares of Protean products cover the areas of advanced motor control, diagnostics, automotive-standard communications and advanced vehicle dynamics functions. The current technology of the fourth generation in-wheel electric motor “Pd18”, targeted at passenger cars, light commercial vehicles and self-driving car, can reach a maximum torque of 1,250 N.m, a peak power of 80kW and a maximum speed of 225km/h with merely 36 kilograms in weight. Protean has strong technological reserve and over 130 global research and development experts and an international and professional management team. The total hours placed in the research and development of the products of Protean are over 1 million, and Protean has been granted with over 150 patents for its technologies globally and over 150 pending patent application, covering areas such as electric motor, inverter design, in-wheel electric motor application. With its operations, research and development, manufacturing and supply chain layouts spanned across the United Kingdom and globally, Protean houses scalable platforms for the sustainable development of its business, and is ready for mass commercialization. Looking ahead, through the Acquisition, the Group is able to further consolidate its control over in-wheel electric motor technology, thus to further consummate the strategic layout for its new energy vehicle industry full value chain.

Pursuant to the Listing Rules, as the highest applicable percentage ratio in respect of the Acquisition is less than 5%, the Acquisition does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, each of the seller under the relevant agreement in relation to the Acquisition, and its ultimate beneficial owners, is a third party independent from the Company and the connected persons of the Company.

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

Hong Kong, 30 May 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.