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CHINA EVERGRANDE NEW ENERGY VEHICLE GROUP LIMITED

中國恒大新能源汽車集團有限公司

(a company incorporated in Hong Kong with limited liability)

(Stock code: 708)

ISSUANCE OF NEW SHARES IN HK\$26 BILLION UNDER THE GENERAL MANDATE

The Company is pleased to announce that, on 24 January 2021, the Company entered into the Subscription Agreements with six (6) Investors to allot and issue an aggregate of 952,383,000 Subscription Shares (representing approximately 9.75% of the enlarged total number of issued Shares at HK\$27.30 per Share), raising a total of approximately HK\$26.0 billion. The Subscription Price represents a 8% discount to the average closing price of the Shares as quoted on the Stock Exchange of the previous five (5) trading days. Each Investor has agreed to a twelve-month lock-up period in respect of the Subscription Shares.

This successful proposed issuance of the Subscription Shares fully demonstrates the Investors' recognition of the Company's operation, management and business development following their comprehensive review of the business, and their confidence towards the prospects of the new energy vehicle business of the Company. The Subscription can also strengthen the capital base of the Company, accelerate the development of the new energy vehicle segment, and help realize the Group's strategic goal to become the world's largest and most powerful new energy vehicle group.

THE SUBSCRIPTION AGREEMENTS

On 24 January 2021, the Company agreed to issue, at a Subscription Price of HK\$27.30 per Share (representing a 8% discount to the average closing price of the Shares as quoted on the Stock Exchange during five (5) trading days before the date of the Subscription Agreements), and each Investor agreed to subscribe for, the number of Subscription Shares as set out below.

Investor	Approximate Subscription Amount (HK\$)	Number of Subscription Shares
Cosmic Success Holdings Limited	5.0 billion	183,150,500
Upper World Limited	5.0 billion	183,150,500
Heyirong International Trade Co., Ltd.* (和益榮國際貿易有限公司)	5.0 billion	183,150,500
Greenwoods Global Investment Limited	5.0 billion	183,150,500
Ms. Chan Hoi-wan	3.0 billion	109,890,500
Mr. Liu Ming Hui	<u>3.0 billion</u>	<u>109,890,500</u>
Total	<u><u>26.0 billion</u></u>	<u><u>952,383,000</u></u>

The parties agree that completion shall take place within three (3) months from the date of the Subscription Agreements and each Investor agrees that the lock-up period in respect of the Subscription Shares shall be twelve months. During the lock-up period, each of the Investors agrees that he/it will not sell, lend, assign, or otherwise dispose of, the Subscription Shares held by him/it.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Investors (and, if applicable, each of its ultimate beneficial owner) is (a) a third party independent of each other; and (b) not a connected person of the Company or its associates. Immediately after the completion of the Subscription, none of the Investors are expected to become a substantial Shareholder.

The Subscription Price

The Subscription Price of HK\$27.30 per Subscription Share represents:

- (i) a discount of approximately 9% to the closing price of HK\$29.90 per Share as quoted on the Stock Exchange on 22 January 2021 (being the Last Trading Day); and
- (ii) a discount of approximately 8% to the average closing price of HK\$29.67 per Share as quoted on the Stock Exchange for the last five (5) trading days up to and including the Last Trading Day.

The net Subscription Price (after deducting fees, costs and expenses) is estimated to be approximately HK\$27.30 per Subscription Share. The Subscription Price was arrived at after arm's length negotiation between the Company and each of the Investors with reference to the current market price and trading volume of the Shares. The Directors are of the view that the Subscription Price is fair and reasonable, on normal commercial terms, and is in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS

The Company intends to utilize the net proceeds received from the Subscription to further invest in the technology research and development and production of the Company's new energy vehicle business, repay indebtedness and for general corporate purposes. The Company estimates the gross proceeds and net proceeds (after deducting the Company's costs and expenses) from the Subscription to be HK\$26,000,055,900 and HK\$26.0 billion respectively. The Directors are of the view that the terms of the Subscription Agreements are fair and reasonable, and the Group can raise capital through the Subscription, which can broaden its shareholder base, strengthen its capital base and enhance its financial condition and net asset base, so as to promote the long-term development and growth of the Group.

INFORMATION ON THE INVESTORS

According to the information provided to the Company, each Investor is an experienced investor and business person. Further information about each Investor is set out below.

Cosmic Success Holdings Limited	Cosmic Success Holdings Limited is an investment holding company incorporated in the British Virgin Islands which is wholly-owned by Mr. Chen Hua. Mr. Chen Hua is the founder and current chairman of Kingkey Group. Kingkey Group, established in 1994, is headquartered in Shenzhen and is a conglomerate with core integrated businesses including real estate development, commercial operations, financial investment and technology.
Upper World Limited	Upper World Limited is an investment holding company incorporated in the British Virgin Islands which is wholly-owned by Mr. Wong Kwong Miu. Mr. Wong Kwong Miu is the founder of Centralcon Group, a real estate developer in Mainland China. Subsidiaries of Centralcon Group invests in a number of property development and other investment projects in Mainland China.
Heyirong International Trade Co., Ltd.* (和益榮國際貿易有限公司)	Heyirong International Trade Co., Ltd.* (和益榮國際貿易有限公司) is a company incorporated in the PRC which is wholly and beneficially owned by Mr. Wang Kaiguo, and primarily engages in trading and investment. Mr. Wang Kaiguo focuses on block trade and investments in private equity and public markets.
Greenwoods Global Investment Limited	Greenwoods Global Investment Limited is an investment holding company incorporated in the British Virgin Islands which is wholly-owned by Mr. Wang Zhongming. Mr. Wang Zhongming is currently the chairman of Shenzhen Greenwoods Investment Group* 深圳市翠林投資控股集團有限公司 (“ Greenwoods Group ”). Greenwoods Group is headquartered in Shenzhen and has over RMB50 billion of assets. Its business covering over 30 provinces and cities in Mainland China.

Ms. Chan Hoi-wan

Ms. Chan Hoi-wan is the spouse of Mr. Lau Luen-hung, Joseph and has extensive experience in investments in personal properties as well as securities.

Mr. Liu Ming Hui

Mr. Liu Minghui is the founder of, and currently serves as the chairman of the board and president of, China Gas Holdings Limited (“**China Gas**”). China Gas is one of the largest cross-region energy service enterprise in Mainland China, the shares of which are listed on the Main Board of the Stock Exchange with stock code 384.

GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The Subscription Shares will be issued and allotted under the General Mandate which entitles the Directors to issue, allot and deal with up to 1,728,000,000 Shares (being 20% of the total number of the issued Share as at the date of the AGM). As at the date of this announcement, the maximum number of new Shares that can be allotted and issued under the General Mandate is 1,551,420,000 Shares; save for the placing of 176,580,000 Shares pursuant to the Top-up Placing, no other part of the General Mandate has been used, and the Company has not allotted and issued any other Shares under the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issue of the Subscription Shares, and the issue of the Subscription Shares is not subject to additional Shareholders’ approval.

RANKING OF THE SUBSCRIPTION SHARES AND APPLICATION FOR LISTING

The Subscription Shares shall, when issued and fully paid, rank *pari passu* in all respects with the other Shares in issue on or prior to the date of completion of the Subscription. The Subscription is subject to approval by the Listing Committee of the Stock Exchange in respect of the listing and trading of the Subscription Shares, and the Company will submit the relevant application to the Stock Exchange.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save for the 176,580,000 new Shares issued at the subscription price of HK\$22.65 per Share by way of Top-up Placing as disclosed in the announcement published by the Company on 15 September 2020, the Company did not conduct any equity fund raising activities in the 12 months immediately before the date of this announcement. The net proceeds from the Top-up Placing amounted to approximately HK\$3.980 billion, which were primarily applied for the research and development of technologies and base construction for Evergrande Auto.

The Directors confirm that immediately after the completion of the Subscription, the public float of the Company will not be less than 25% of the Company’s total number of issued Shares as enlarged by the Subscription (assuming no change in the total number of issued Shares of the Company from the date of this announcement to the date of completion of the Subscription save for the issue of the Subscription Shares).

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has issued 8,816,580,000 Shares. Assuming there is no change in the number of issued shares of the Company from the date of this announcement and up to the date of completion of the Subscription save for the allotment and issuance of Subscription Shares, the Subscription Shares represent (i) approximately 10.80% of the existing issued shares of the Company as at the date of this announcement; and (ii) approximately 9.75% of the issued shares of the Company as enlarged by the allotment and issue of the Subscription Shares, and the corresponding shareholding structure is summarised as follows:

	As at the date of this announcement		Immediately after the completion of the Subscription	
	No. of Shares	Approximate % <i>Note 1</i>	No. of Shares	Approximate % <i>Note 1</i>
China Evergrande Group <i>Note 2</i>	6,607,948,000	74.95	6,607,948,000	67.64
Siu Shawn, a Director <i>Note 2</i>	2,660,000	0.03	2,660,000	0.03
Liu Yongzhuo, a Director	1,053,500	0.01	1,053,500	0.01
Qin Liyong, a Director	352,000	0.00	352,000	0.00
<i>Sub-total of the approximate %</i>		<u>74.99</u>		<u>67.68</u>
Investors				
Cosmic Success Holdings Limited	—	—	183,150,500	1.875
Upper World Limited	—	—	183,150,500	1.875
Heyirong International Trade Co., Ltd.* (和益榮國際貿易有限公司)	—	—	183,150,500	1.875
Greenwoods Global Investment Limited	—	—	183,150,500	1.875
Ms. Chan Hoi-wan	—	—	109,890,500	1.125
Mr. Liu Ming Hui	—	—	109,890,500	1.125
Other public Shareholders	<u>2,204,566,500</u>	<u>25.01</u>	<u>2,204,566,500</u>	<u>22.57</u>
<i>Sub-total of the approximate %</i>		<u>25.01</u>		<u>32.32</u>
Total	<u>8,816,580,000</u>	<u>100.00</u>	<u>9,268,963,000</u>	<u>100.00</u>

Notes:

- The percentage figures have been rounded up to the nearest second decimal place to achieve a total of 100%.

2. As at the date of this announcement, China Evergrande Group directly and indirectly holds 6,607,948,000 Shares, of which its wholly-owned subsidiaries Evergrande Health Industry Holdings Limited and Acelin Global Limited hold 6,479,500,000 Shares and 50,000 Shares, respectively.
3. Cosmic Success Holdings Limited is wholly-owned by Mr. Chen Hua.
4. Upper World Limited is wholly-owned by Mr. Wong Kwong Miu.
5. Heyirong International Trade Co., Ltd.* (和益榮國際貿易有限公司) is wholly and beneficially-owned by Mr. Wang Kaiguo.
6. Greenwood Global Investment Limited is wholly-owned by Mr. Wang Zhongming.

INFORMATION ON THE COMPANY AND THE GROUP

The Company is a company incorporated in Hong Kong with limited liability. The Group is principally engaged in technology research and development, production and sales of new energy vehicles, as well as health industry businesses.

TERMS AND DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions shall have the following meanings:

“AGM”	the annual general meeting of the Company held on 26 June 2020;
“Board”	the board of directors of the Company;
“China Evergrande Group”	China Evergrande Group, a company incorporated in the Cayman Islands with limited liability and the controlling shareholder of the Company, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3333);
“China Gas”	shall have the meaning as ascribed to it in the section headed “INFORMATION ON THE INVESTORS” in this announcement;
“Company”	China Evergrande New Energy Vehicle Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (stock code: 708);
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;

“General Mandate”	the general mandate granted by the Shareholders to the Board at the AGM to allot, issue or otherwise deal with new Shares not exceeding 20% of the number of Shares in issue as at the date of passing the relevant resolution;
“Greenwoods Group”	shall have the meaning as ascribed to it in the section headed “INFORMATION ON THE INVESTORS” in this announcement;
“Hong Kong”	Hong Kong Special Administrative Special Region of the People’s Republic of China;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Investors”	Cosmic Success Holdings Limited, Upper World Limited, Heyirong International Trade Co., Ltd.* (和益榮國際貿易有限公司), Greenwoods Global Investment Limited, Ms. Chan Hoi-wan and Mr. Liu Ming Hui;
“Last Trading Day”	22 January 2021, being the last trading day prior to the signing of the Subscription Agreements;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Share(s)”	the ordinary share(s) of the Company;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the subscription of the Subscription Shares by the Investors pursuant to the Subscription Agreements;
“Subscription Agreement(s)”	the subscription agreement(s) entered into between the Company and each of the Investors on 24 January 2021 in respect of the Subscription;
“Subscription Price”	the subscription price of HK\$27.30 per Subscription Share;
“Subscription Shares”	an aggregate of 952,383,000 new Shares to be issued to the Investors by the Company pursuant to the terms and conditions of the Subscription Agreements;

“Top-up Placing” the placing of 176,580,000 new Shares by way of top-up placing at a price of HK\$22.65 per Share as disclosed in the announcement of the Company dated 15 September 2020; and

“%” per cent.

By Order of the Board
China Evergrande New Energy Vehicle Group Limited
SIU Shawn
Chairman

Hong Kong, 24 January 2021

As at the date of this announcement, the executive Directors of the Company are Mr. SIU Shawn, Mr. LIU Yongzhuo 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 identification purposes only.*