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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)

**PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF
NEW SHARES UNDER THE GENERAL MANDATE**

Placing Agent



The Company is pleased to announce that on 19 November 2021, it has entered into the Placing and Subscription Agreement with the Placing Agent to place 900,000,000 Placing Shares at HK\$3.00 per Share through top-up placing. The gross proceeds arising from the Placing are expected to be approximately HK\$2,700 million. The Company intends to dedicate the proceeds on the research and development and production of the Group's new energy vehicles, paving the groundwork for putting Hengchi new energy vehicles into production.

The Placing Shares accounted for approximately 9.05% of the total issued Shares as at the date of this announcement and approximately 8.30% of the enlarged total issued Shares following completion of the Subscription.

The new Shares will be allotted and issued under the General Mandate. As at the date of this announcement, the maximum number of the new Shares that can be allotted and issued under the General Mandate is 1,953,792,600 new Shares. As at the date of this announcement, save for the Previous Top-Up Placing (which involved an issue of 174,830,000 new Shares under the General Mandate) no portion of the General Mandate has been utilized, and the Company has not allotted and issued any Shares pursuant to the General mandate; therefore the General Mandate is sufficient for the allotment and issue of the new Shares. The issue of new Shares is not subject to the specific mandate by the Shareholders.

THE PLACING AND SUBSCRIPTION AGREEMENT

On 19 November 2021 (after trading hours), the Company, the Placing Shareholder and the Placing Agent entered into the Placing and Subscription Agreement. The principal terms of the Placing and Subscription Agreement are summarized as follows:

Date

19 November 2021 (after trading hours)

Parties

- (i) the Company;
- (ii) the Placing Shareholder; and
- (iii) the Placing Agent.

The Placing Shareholder

As at the date of this announcement, the Placing Shareholder holds an aggregate of 6,219,500,000 Shares, including the Placing Shares, representing approximately 62.55% of the total number of Shares in issue as at the date of this announcement.

The Placing Agent

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Placing Agent and its ultimate beneficial owner(s) is independent of, and not connected with, the Placing Shareholder, the Company and their respective associates and connected persons.

Details of the Placing and the Subscription are set out below.

THE PLACING

Number of Placing Shares

The Placing Shareholder has agreed to appoint the Placing Agent, and the Placing Agent has agreed to act as agent of the Placing Shareholder to procure Placees to purchase the Placing Shares on the terms and subject to the conditions of the Placing and Subscription Agreement.

The Placing Agent shall use its best effort to place the Placing Shares.

The total number of the Placing Shares, being 900,000,000 Shares, represents: (a) approximately 9.05% of the total number of Shares in issue as at the date of this announcement; and (b) approximately 8.30% of the enlarged total number of Shares in issue upon the completion of the Subscription (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Subscription other than the issue by the Company of the Subscription Shares).

Placees

The Placing Agent shall place the Placing Shares to not less than six Placees, all of whom/which are expected to be independent professional, institutional and/or other investors. It is currently expected that none of the Placees will become a substantial shareholder of the Company.

The choice of Placees for the Placing Shares shall be determined solely by the Placing Agent, subject to the requirements of the Listing Rules (in particular, the Placing Agent shall use all reasonable endeavours to ensure that the Placees and their ultimate beneficial owners shall be third parties independent of the Placing Shareholder, the Company and their respective connected persons (as defined in the Listing Rules)).

Placing Price

The Placing Price represents:

- (a) a discount of approximately 15.01% to the closing price of HK\$3.53 per Share as quoted on the Stock Exchange on 19 November 2021, being the Last Trading Day; and
- (b) a discount of approximately 19.96% to the average closing price of HK\$3.748 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day.

The Placing Price of HK\$3.00 per Placing Share was determined after arm's length negotiations between the Company, the Placing Shareholder and the Placing Agent with reference to the prevailing market price of the Shares on the Stock Exchange and the general market conditions. The Directors (including the independent non-executive Directors) consider that the Placing Price and the terms and conditions of the Placing and Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Rights and Ranking of the Placing Shares

The Placing Shares will be sold free from all liens, charges and encumbrances and together with all rights attaching to them as at the date of the Placing and Subscription Agreement, including the right to receive all dividends and other distributions declared, made or paid on or after the date of the Placing and Subscription Agreement.

The Placing Shares will, when fully paid, rank *pari passu* in all respects with, all of the other Shares of the same class in issue or to be issued by the Company on or prior to the date of completion of the Placing.

Placing Period

Subject to the terms and conditions of the Placing and Subscription Agreement, the Placing Agent will offer, as agent of the Placing Shareholder, the Placing Shares at the Placing Price (together with the applicable fees in relation thereto) during the Placing Period.

Completion of the Placing

The Placing Completion shall take place on the Placing Completion Date.

Termination

Unless otherwise agreed among the parties, the Placing Agent's appointment shall terminate upon the earlier of (a) the Placing Completion and (b) termination of the Placing by the Placing Agent in accordance with the terms and conditions of the Placing and Subscription Agreement, whereby the Company and the Placing Shareholder will be formally notified by the Placing Agent in writing.

The Placing Agent reserves its right to terminate the arrangements set out in the Placing and Subscription Agreement by notice in writing prior to 10:00 a.m. on the Placing Completion Date, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any Force Majeure Events. Upon giving of the aforesaid notice, all obligations of the Placing Agent under the Placing and Subscription Agreement shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Placing and Subscription Agreement, save for any antecedent breaches.

THE SUBSCRIPTION

The principal terms of the Subscription under the Placing and Subscription Agreement are summarized as follows.

Subscription Shares

Under the Placing and Subscription Agreement, the Placing Shareholder has agreed to subscribe for, and the Company has agreed to issue to the Placing Shareholder, the Subscription Shares (being equivalent to the number of Placing Shares sold by the Placing Shareholder pursuant to the Placing) at the Subscription Price (being the same as the Placing Price), in each case upon the terms and subject to the conditions of the Placing and Subscription Agreement.

The number of the Subscription Shares represents:

- (a) approximately 9.05% of the total number of Shares in issue as at the date of this announcement; and
- (b) approximately 8.30% of the enlarged total number of Shares in issue upon completion of the Subscription (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the date of completion of the Subscription other than the issue by the Company of the Subscription Shares).

Rights and Ranking of the Subscription Shares

The Subscription Shares shall, when fully paid, rank *pari passu* in all respects with the other Shares in issue or to be issued by the Company on or prior to the date of completion of the Subscription including the rights to all dividends and other distributions declared, made or paid at any time after the date of allotment.

General Mandate to Issue the Subscription Shares

The Subscription Shares will be allotted and issued under the General Mandate to allot, issue and deal 1,953,792,600 new Shares (i.e. up to 20% of the total issued shares of the Company 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 1,953,792,600 new Shares. As at the date of this announcement, save for the Previous Top-Up Placing (which involved an issue of 174,830,000 new Shares under the General Mandate) no portion of the General Mandate has been utilized, and the Company has not allotted and issued any Shares pursuant to the General mandate; therefore 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 specific mandate by the Shareholders.

The Subscription Price

The Subscription Price is the same as the Placing Price. The Subscription Price was determined after arm's length negotiations between the Company, the Placing Shareholder and the Placing Agent with reference to the prevailing market price of the Shares on the Stock Exchange and the general market conditions. The Directors (including the independent non-executive Directors) consider that the Placing Price and the terms and conditions of the Placing and Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions of the Subscription

Completion of the Subscription is conditional upon: (a) the Placing Completion; (b) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, all the Subscription Shares; and if necessary, all relevant approvals and consents from governmental or other competent authority or in accordance with applicable laws having been obtained. None of the above conditions are waivable by either the Company or the Placing Shareholder.

Application will be made by the Company to the Listing Committee for the listing of, and the permission to deal in, the Subscription Shares.

Completion of the Subscription

Completion of the Subscription shall take place at a time to be agreed between the Company and the Placing Shareholder and in any event no later than 3 December 2021.

Under Rule 14A.92(4) of the Listing Rules, the Subscription must be completed no later than a date falling fourteen (14) days after the date of the Placing and Subscription Agreement. If the Subscription is to be completed thereafter, it will constitute a connected transaction under the Listing Rules and require compliance with all the relevant requirements under Chapter 14A of the Listing Rules, including but not limited to the issue of a separate announcement and approval by the independent Shareholders (being Shareholders other than the Placing Shareholder, their respective ultimate beneficial owners and their respective associates).

REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

The gross proceeds and net proceeds (after deducting all costs and expenses incurred by the Placing Shareholder and to be reimbursed by the Company, and other expenses incurred by the Company) from the Placing and the Subscription are expected to be approximately HK\$2,700 million and approximately HK\$2,646 million respectively. The net Subscription Price, after deducting such fees, costs and expenses, will be approximately HK\$2.94 per Subscription Share. It is intended that the proceeds received by the Company from the Subscription will be dedicated on the research and development and production of the Company's new energy vehicles, paving the groundwork for putting Hengchi new energy vehicles into production.

The Directors have considered various options of raising funds. Having reviewed the terms and conditions to the Placing and the Subscription, the Board considers that it is in the interests of the Company to raise equity funding through the Placing and the Subscription so as to broaden its shareholders base, strengthen the capital base and enhance the financial position and net assets base of the Group for its long-term development and growth.

The Directors are of the view that the terms of the Placing and Subscription Agreement are fair and reasonable, and consider that the Placing and the Subscription will strengthen the Group's financial position, widen the Company's Shareholder base and is in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save for the Previous Issuance and the Previous Top-up Placing, the Company has not conducted any equity fund raising activities in the past twelve (12) months immediately prior to the date of this announcement. The Company has fully utilized the net proceeds from the Previous Issuance for technology research and development and production of the Company's new energy vehicle business, to repay indebtedness and for general corporate purposes. On the other hand, as at the date of this announcement, the Company has begun to utilize 50% the net proceeds which is amounting to approximately HK\$244,756,900 arising from the Previous Top-up Placing. The Company intends to utilize such proceeds, in the manner as disclosed in the announcement dated 9 November 2021.

The Directors confirm that, immediately after completion of the Placing and the Subscription, the public float of the Company will be no less than 25% of the total issued shares of the Company as enlarged by the Subscription (assuming there is no change in the total issued shares of the Company from the date of this announcement to the date 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 Placing Shareholder holds an aggregate of 6,219,500,000 Shares, including the Placing Shares, representing approximately 62.55% of the total number of Shares in issue as at the date of this announcement. Upon the Placing Completion, the Placing Shareholder will hold an aggregate of 5,319,500,000 Shares (representing approximately 53.50% of the total number of Shares in issue upon the Placing Completion assuming there will be no change to the total number of Shares in issue from the date of this announcement to the Placing Completion). Upon the completion of the Subscription, the Placing Shareholder will hold an aggregate of 6,219,500,000 Shares (representing approximately 57.36% of the enlarged total number of Shares in issue upon the completion of the Subscription assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Subscription other than the issue by the Company of the Subscription Shares).

Assuming that 900,000,000 new Shares are placed under the Placing and Subscription Agreement and that there will be no change to the total number of Shares in issue from the date of this announcement to the date of completion of the Subscription other than the issue by the Company of the Subscription Shares, the shareholdings in the Company (a) as at the date of this announcement; (b) immediately after the Placing Completion but before the completion of the Subscription; and (c) immediately after the completions of the Placing and the Subscription are and will be as follows:

	As at the date of this announcement		Immediately after the completion of the Placing but before the completion of the Subscription		Immediately after the completion of the Placing and the Subscription	
	Approximate %		Approximate %		Approximate %	
	No. of Shares	<i>Note 1</i>	No. of Shares	<i>Note 1</i>	No. of Shares	<i>Note 1</i>
The Placing Shareholder <i>Note 2</i>	6,219,500,000	62.55%	5,319,500,000	53.50%	6,219,500,000	57.36%
Acelin Global Limited <i>Note 2</i>	50,000	0.00%	50,000	0.00%	50,000	0.00%
China Evergrande Group	128,398,000	1.29%	128,398,000	1.29%	128,398,000	1.18%
Siu Shawn, a Director	4,600,000	0.05%	4,600,000	0.05%	4,600,000	0.04%
Liu Yongzhuo, a Director	1,653,500	0.02%	1,653,500	0.02%	1,653,500	0.02%
Qin Liyong, a Director	1,386,000	0.01%	1,386,000	0.01%	1,386,000	0.01%
The Placees	—	—	900,000,000	9.05%	900,000,000	8.30%
Other public Shareholders	<u>3,588,205,500</u>	<u>36.08%</u>	<u>3,588,205,500</u>	<u>36.08%</u>	<u>3,588,205,500</u>	<u>33.09%</u>
Total	<u>9,943,793,000</u>	<u>100.00%</u>	<u>9,943,793,000</u>	<u>100.00%</u>	<u>10,843,793,000</u>	<u>100.00%</u>

Notes:

1. Certain figures included in the table above have been rounded to the nearest integer or to two decimal places. Any discrepancies between the total shown and the sum of the amounts listed are due to rounding.
2. As at the date of this announcement, China Evergrande Group, whose shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (stock code: 3333), indirectly through its wholly-owned subsidiaries held an aggregate of 6,347,948,000 Shares, which comprised of (i) 6,219,500,000 Shares held by the Placing Shareholder; (ii) 50,000 Shares held by Acelin Global Limited; and 128,398,000 Shares held by itself as beneficial owner.
3. Represent the actual number of Shares held by such Director as at the date of this announcement and does not include his/her interest held in any share option from time to time granted by the Company pursuant to the Share Option Scheme.

INFORMATION ON THE COMPANY, THE GROUP AND THE PLACING SHAREHOLDER

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 management businesses such as the “Internet+” community health management, international hospitals, and elderly care and rehabilitation.

None of the Directors is deemed to have material interest(s) in the Placing and Subscription Agreement and the transactions contemplated thereunder (including the Placing and the Subscription), accordingly, no Director has abstained from voting on the relevant resolutions of the Board.

The Placing Shareholder

The Placing Shareholder is a company incorporated in British Virgin Islands with limited liability and the controlling shareholder of the Company, which directly holds 6,219,500,000 Shares, representing approximately 62.55% of the issued Shares as at the date of this announcement.

The completion of the Subscription is subject to satisfaction of the conditions precedent set out in the Placing and Subscription Agreement. As the Placing Completion and the Subscription may or may not take place, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

TERMS AND DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code;
“AGM”	the annual general meeting of the Company held on 18 June 2021;
“associate”	has the meaning ascribed to it under the Listing Rules;
“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);
“Company”	China Evergrande New Energy Vehicle Group Limited (formerly known as 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);
“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;

“Force Majeure Event”	refers to (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) which may, in the opinion of the Placing Agent (acting reasonably), materially and adversely affect the business or the financial or trading position of the Group; or (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the opinion of the Placing Agent (acting reasonably), materially and adversely affect the business or the financial or trading position of the Group as a whole or adversely prejudices the success of the placing of the Placing Shares to the Placees or otherwise makes it inexpedient or inadvisable for the Placing Shareholder or the Company or the Placing Agent to proceed with the Placing; or (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which materially and adversely affect the success of the Placing (such success being the placing of the Placing Shares to the Placee(s)) or otherwise in the opinion of the Placing Agent (acting reasonably) makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing;
“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;
“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;
“Last Trading Day”	19 November 2021, being the last trading day prior to the signing of the Placing and Subscription Agreement;

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Placee(s)”	any professional, institutional and other investor(s) whom the Placing Agent has procured to purchase any of the Placing Shares pursuant to its obligations under the Placing and Subscription Agreement;
“Placing”	the placing to the Placees procured by the Placing Agent of the Placing Shares on the terms and subject to the conditions set out in the Placing and Subscription Agreement;
“Placing Agent”	Kingston Securities Limited, acting as placing agent for the Placing under the Placing and Subscription Agreement and a third party independent of and not connected with the Company and its connected persons and a corporation licensed to carry on type 1 (dealing in securities) regulated activity under the SFO;
“Placing and Subscription Agreement”	the placing and subscription agreement dated 19 November 2021 entered into between the Company, the Placing Shareholder and the Placing Agent in respect of the Placing and the Subscription;
“Placing Completion”	the completion of the Placing;
“Placing Completion Date”	on or before 4:00 p.m. on the fourth business day following the signing of the Placing and Subscription Agreement or such other date as the Placing Shareholder and the Placing Agent shall agree ;
“Placing Period”	the period commencing upon the date of the Placing and Subscription Agreement and terminating at 5:00 p.m. on the business day prior to the Placing Completion Date, unless terminated earlier pursuant to the terms thereunder;
“Placing Price”	HK\$2.86 per Placing Share, as determined in accordance with the terms of the Placing and Subscription Agreement;
“Placing Shareholder”	Evergrande Health Industry Holdings Limited, the controlling shareholder of the Company, which directly holds 6,219,500,000 Shares, representing approximately 62.55% of the issued Shares as at the date of this announcement;

“Placing Shares”	pursuant to which and conditional upon completion of the Placing and satisfaction of the other conditions set out in therein, the Placing Shareholder will subscribe for 900,000,000 new Shares on the terms set out in therein; Shares beneficially owned by the Placing Shareholder and to be placed pursuant to the Placing and Subscription Agreement;
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Previous Issuance”	the issue of an aggregate of 952,383,000 subscription shares (representing approximately 9.75% of the enlarged total number of issued Shares at the material time at HK\$27.30 per Share), raising a total of approximately HK\$26.0 billion, details of which as disclosed in the announcement of the Company published on 24 January 2021;
“Previous Top-up Placing”	the top-up placing of 174,830,000 Shares as disclosed in the announcement of the Company dated 9 November 2021
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) for the time being in force;
“Share(s)”	the ordinary share(s) of the Company;
“Share Options Grant”	the grant of share options of the Company under the Share Option Scheme, details of which have been set out in the announcement of the Company dated 20 September 2021;
“Share Option Scheme”	the share option scheme of the Company adopted on 6 June 2018;
“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 Placing Shareholder at the Subscription Price on the terms and subject to the conditions of the Placing and Subscription Agreement;
“Subscription Price”	the price per Subscription Share payable by the Placing Shareholder, which price shall be the same as the Placing Price (being HK\$3.00 per Subscription Share);

“Subscription Shares” up to 900,000,000 new Shares to be issued to the Placing Shareholder (equivalent to the number of the Placing Shares actually sold by the Placing Shareholder under the Placing) by the Company under the Subscription;

“Takeovers Code” the Hong Kong Code on Takeovers and Mergers for the time being in force; and

“%” per cent.

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

Hong Kong, 19 November 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.