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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)

**DISCLOSEABLE TRANSACTION
INVESTMENT IN THE TARGET COMPANY AND
ESTABLISHMENT OF THE PROJECT COMPANY AS JOINT VENTURE**

The Company is pleased to announce that on 29 January 2019, NEVS (a subsidiary of the Company) entered into the Transaction Agreement with SOP and the Target Company. Pursuant to the Transaction Agreement, the Target Company agreed to issue and allot to NEVS, and NEVS agreed to subscribe for the New Shares; and SOP agreed to sell, and that NEVS agreed to purchase the Sale Shares.

On 29 January 2019, NEVS also entered into the Joint Venture Agreement with KAAB.

TRANSACTION AGREEMENT

Date 29 January 2019

Parties (1) SOP;
(2) the Target Company; and
(3) NEVS

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of SOP and the Target Company and its respective ultimate beneficial owner is an Independent Third Party.

The New Shares and the Sale Shares

Pursuant to the Transaction Agreement:

- (1) on the First Closing Date and subject to fulfilment of certain conditions precedent, the Target Company agreed to issue and allot to NEVS the New Shares 1 in the Target Company for a capital contribution of EUR45 million; and SOP agreed to sell, and that NEVS agreed to purchase the Sale Shares 1 for a consideration of EUR5 million; and
- (2) on the Second Closing Date and subject to fulfilment of certain conditions precedent, the Target Company agreed to issue and allot to NEVS the New Shares 2 in the Target Company for a capital contribution of EUR95 million; and SOP agreed to sell, and that NEVS agreed to purchase the Sale Shares 2 for a consideration of EUR5 million.

Consideration

The aggregate consideration payable by NEVS under the Transaction Agreement in relation to the subscription of the New Shares and the purchase of the Sale Shares, subject to fulfilment of conditions precedent, shall be EUR150 million. On the date of signing the Transaction Agreement, NEVS has paid EUR50 million to the Target Company (or the equivalent in US dollars) as deposit. Such deposit would subsequently be used to pay for the subscription for the New Shares 1 and the purchase of the Sale Shares 1 upon the first closing.

Basis for determination of the consideration

The aggregate consideration of EUR150 million (to be settled by internal resources of the Group) was agreed upon on normal commercial terms and after arm's length negotiations. The consideration was determined with reference to (including but not limited to) (i) the asset value of the Target Company; (ii) the technology owned by KAAB; and (iii) the Group's consideration regarding the expected future development of the KAAB brand name.

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.

Conditions precedent of the first closing

Pursuant to the Transaction Agreement, the first closing is subject to the fulfilment of certain conditions precedent (which may be waived by SOP in its sole discretion), including but not limited to the expiry of the exercise period of right of first refusal entitled by DJI, or DJI has waived its rights, or DJI ceased to be the shareholder of the Target Company.

Conditions precedent of the second closing

Pursuant to the Transaction Agreement, the second closing is subject to the fulfilment of certain conditions precedent (which may be waived by SOP at its sole discretion), including but not limited to the expiry of the exercise period of right of first refusal entitled by any shareholder of the Target Company, or waiver granted by such shareholder.

INFORMATION ON THE TARGET COMPANY

The Target Company is an investment holding company and its major asset being KAAB.

FINANCIAL INFORMATION OF THE TARGET COMPANY

On 31 December 2017, the unaudited book value of the Target Company was approximately SEK197,450,000.

As the Target Company did not prepare any consolidated accounts, the following is the financial information of SOP, which held 85.1% equity interest in the Target Company prior to the investment. As SOP was established in 2016, the unaudited net loss before and after taxation for the financial year of 2017 of SOP is as follows:

	Financial year of 2017 (SEK)
Net loss before taxation	(9,461,000)
Net loss after taxation	(11,296,000)

ESTABLISHMENT OF PROJECT COMPANY AS A JOINT VENTURE

On 29 January 2019, NEVS further entered into a joint venture agreement with KAAB in relation to the establishment of the Project Company. The Project Company will be owned as to 65% by NEVS and as to 35% by KAAB.

Funding

Pursuant to the Joint Venture Agreement, NEVS shall make a series of investments in the Project Company (to be settled by internal resources of the Group), in the form of unconditional shareholder's contributions, amounting to a total of USD150 million:

- (a) As of the First Closing Date under the Transaction Agreement, NEVS shall transfer US\$25 million to the Project Company.
- (b) Within one year of the First Closing Date of the Transaction Agreement, NEVS shall transfer an additional US\$75 million to the Project Company upon request by the general manager of the Project Company notified to NEVS no later than one month before the date of the transfer.

- (c) Within one year from the transfer contemplated in (b) above, NEVS shall transfer an additional US\$50 million to the Project Company, upon request by the general manager of the Project Company notified to NEVS no later than one month before the date of the transfer.

Pursuant to the Joint Venture Agreement, KAAB shall make investments in the Project Company, in the form of unconditional shareholder's contributions, amounting to a total of USD70 million prior to the production of the car.

Purpose of establishment of the Project Company

NEVS and KAAB endeavor to research and develop and manufacture the world's top new energy vehicle through the establishment of the Project Company as a joint venture.

Intellectual and industrial property permits

Pursuant to the Joint Venture Agreement, Koenigsegg agrees to grant a license over certain intellectual and industrial property rights to the Project Company no later than one month prior to the production of the car.

INFORMATION ON 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 ON SOP

SOP is an investment holding company with the 85.1 equity interest in the Target Company as its major asset, and, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, it and its ultimate beneficial owner are Independent Third Parties.

INFORMATION ABOUT KAAB

KAAB, a supercar company based in Sweden, is one of the supercar brand names at the forefront of the world. KAAB enjoys the reputation as a "ghost sports car". The top speed of KAAB's world-record breaking mass production vehicles exceeds 447 km/h, and 0-440-km/h only takes 33.29 seconds. KAAB owns various world-leading technologies in the fields of lightweight, engine-powered systems, electrification and AI driving etc., possessing one of the most leading new energy vehicle technologies in the world.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, KAAB and its ultimate beneficial owner are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The investment in the Target Company (being the parent company of KAAB) by NEVS and the formation of a joint venture with KAAB to produce the next generation of electric vehicles serve to enhance the strategic layout of the Group in the global new energy vehicle landscape, and to achieve strategic synergies and rapid development. The Directors are of the opinion that the terms of the Transaction Agreement and the Joint Venture Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (calculated in accordance with Rule 14.07 of the Listing Rules) of the Transaction and the capital commitment to be made by the Company (through NEVS) into the Project Company exceeds 5% but is less than 25%, the Transaction and the capital commitment to be made by the Company (through NEVS) into the Project Company are subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following terms and expressions (unless the context otherwise requires) shall have the following respective meanings:

“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
“Director(s)”	director(s) of the Company
“DJI”	DJI Sky Ventures Company Limited, a company incorporated under the laws of the British Virgin Islands, which owns approximately 14.89% equity interest in the Target Company as at the date of this announcement
“EUR”	the Euro or any successor currency thereto
“First Closing Date”	the date on which the consummation of the subscription of New Shares 1 and the purchase of Sales Share 1 by NEVS takes place pursuant to the Transaction Agreement
“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 persons independent of the Company and its connected persons in accordance with the Listing Rules
“Joint Venture Agreement”	the agreement in relation to the Project Company to be entered into between NEVS and KAAB on or around 29 January 2019
“KAAB”	Koenigsegg Automotive AB, a company incorporated under the laws of Sweden, a subsidiary of SOP
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Shares”	the aggregate of the New Shares 1 and the New Shares 2, being 1,085 ordinary shares in the share capital of the Target Company
“New Shares 1”	221 ordinary shares in the share capital of the Target Company
“New Shares 2”	864 ordinary shares in the share capital of the Target Company
“NEVS”	National Electric Vehicle Sweden AB, a company incorporated under the laws of Sweden and a subsidiary of the Company
“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
“Project Company”	Konev AB, a company incorporated under the laws of Sweden and established as a joint venture pursuant to the Joint Venture Agreement
“Transaction”	collectively, the purchase of the Sale Shares by NEVS from SOP, as well as the allotment and issue of the New Shares by the Target Company to NEVS pursuant to the terms and subject to the conditions of the Transaction Agreement
“Transaction Agreement”	the transaction agreement in relation to the Transaction entered into on 29 January 2019 between SOP, Alpraaz and NEVS (as amended and supplemented from time to time)
“Sale Shares”	the aggregate of the Sale Shares 1 and the Sale Shares 2, being 72 ordinary shares in the share capital of the Target Company
“Sale Shares 1”	25 ordinary shares in the share capital of the Target Company

“Sale Shares 2”	47 ordinary shares in the share capital of the Target Company
“Second Closing Date”	the date on which the consummation of subscription of New Shares 2 and the acquisition of Sales Share 2 by NEVS takes place pursuant to the Transaction Agreement
“SOP”	Spirit of Performance AB, a company incorporated under the laws 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
“SEK”	the lawful currency of Sweden
“Target Company”	Alpraaz AB, a company incorporated under the laws of Sweden
“US\$”	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, 29 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.