恒大汽车
EVERGRANDE AUTO

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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of China Evergrande New Energy Vehicle Group Limited is pleased to present the audited annual results of the Company and its subsidiaries for the year ended 31 December 2022 together with comparative figures stated in this announcement for reference.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	**31 December 2022** *RMB'000*	31 December 2021 *RMB'000* *(Re-stated)*
Continuing operations			
Revenue	*3*	**134,011**	74,986
Cost of sales		**(227,869)**	(245,826)
Gross loss		**(93,858)**	(170,840)
Other income (expense), net		**274,837**	(815,756)
Other losses, net		**(1,178,928)**	(1,528,651)
Selling and marketing costs		**(196,126)**	(1,285,670)
Administrative expenses		**(2,616,661)**	(7,795,265)
Net impairment losses on financial assets		**(79,688)**	(1,695,221)

	Note	31 December 2022 RMB'000	31 December 2021 RMB'000 (Re-stated)
Net impairment losses on property, plant and equipment, intangible assets and goodwill		**(8,251,044)**	(11,399,078)
Net impairment losses on properties under development, completed properties held for sale and inventories		**—**	(154,508)
Operating loss		**(12,141,468)**	(24,844,989)
Finance income		**8,112**	21,649
Finance costs		**(1,230,922)**	(1,810,026)
Finance costs, net		**(1,222,810)**	(1,788,377)
Fair value losses on financial assets at fair value through profit or loss		**(2,419,707)**	(1,382,383)
Loss before income tax		**(15,783,985)**	(28,015,749)
Income tax credit	*4*	**931,048**	725,560
Loss for the year from continuing operations		**(14,852,937)**	(27,290,189)
Discontinuing operation held for sale			
Loss for the year from discontinuing operation held for sale		**(12,810,772)**	(29,054,189)
Loss for the year		**(27,663,709)**	(56,344,378)
Other comprehensive income:			
Items that may be reclassified to profit and loss:			
Currency translation differences		**(2,139,588)**	(236,880)
		(2,139,588)	(236,880)
Total comprehensive loss for the year		**(29,803,297)**	(56,581,258)

	Note	31 December 2022 RMB'000	31 December 2021 RMB'000 (Re-stated)
Loss for the year attribute to owners of the Company			
— From continuing operations		**(14,849,590)**	(27,346,778)
— From discontinuing operation held for sale		**(12,810,772)**	(28,927,762)
		(27,660,362)	(56,274,540)
(Loss)/profit for the year attributable to non-controlling interest			
— From continuing operations		**(3,347)**	56,589
— From discontinuing operation held for sale		**—**	(126,427)
		(3,347)	(69,838)
Total comprehensive expense attributable to:			
— Owners of the Company		**(29,799,950)**	(56,511,420)
— Non-controlling interests		**(3,347)**	(69,838)
		(29,803,297)	(56,581,258)
Loss per share from continuing operations and discontinuing operation held for sale (expressed in RMB cents per share)			
— Basic loss per share	*5*	**(255.080)**	(585.319)
— Diluted loss per share	*5*	**(255.080)**	(585.319)
Loss per share from continuing operations (expressed in RMB cents per share)			
— Basic loss per share	*5*	**(136.941)**	(284.438)
— Diluted loss per share	*5*	**(136.941)**	(284.438)

Consolidated Balance Sheet
As at 31 December 2022

	Note	**31 December 2022** *RMB'000*	31 December 2021 *RMB'000* *(Re-stated)*
ASSETS			
Non-current assets			
Property, plant and equipment		**14,536,900**	20,988,979
Right-of-use assets		**2,921,112**	3,910,322
Investment properties		**—**	614,670
Intangible assets		**4,477,860**	6,524,103
Prepayments		**192,426**	774,557
Investments accounted for using the equity method		**—**	258,475
Financial assets at fair value through profit or loss		**259,321**	501,493
Deferred income tax assets		**8,956**	151,035
		22,396,575	33,723,634
Current assets			
Contract acquisition costs		**—**	796,086
Trade and other receivables and prepaid taxes	*6*	**4,598,222**	18,812,867
Prepayments		**54,477**	2,570,889
Properties under development		**2,449,924**	73,355,683
Completed properties held for sale		**—**	6,593,100
Inventories		**521,892**	200,496
Financial assets at fair value through profit or loss		**134,300**	2,255,396
Restricted cash		**19,390**	2,808,700
Cash and cash equivalents		**219,941**	2,452,523
		7,998,146	109,845,740
Assets of discontinuing operation classified as held for sale		**84,826,534**	—
Total currents assets		**92,824,680**	109,845,740
Total assets		**115,221,255**	143,569,374

	Note	31 December 2022 RMB'000	31 December 2021 RMB'000 (Re-stated)
EQUITY			
Equity attributable to owners of the Company			
Share capital and share premium		**28,124,101**	28,124,101
Reserves		**2,181,456**	3,825,320
Accumulated losses		**(98,906,331)**	(71,241,322)
		(68,600,774)	(39,291,901)
Non-controlling interests		**(50,088)**	(47,081)
Total deficit		**(68,650,862)**	(39,338,982)
LIABILITIES			
Non-current liabilities			
Lease liabilities		**283,823**	694,914
Deferred income		**2,781,150**	2,821,150
Borrowings		**12,312,127**	11,271,059
Deferred income tax liabilities		**56,364**	1,024,395
		15,433,464	15,811,518
Current liabilities			
Contract liabilities		**3,313,647**	65,249,638
Lease liabilities		**339,261**	318,818
Trade and other payables	*7*	**30,796,181**	71,741,863
Borrowings		**13,673,042**	29,393,849
Current income tax liabilities		**1,314,239**	392,670
Liabilities of discontinuing operation classified as held for sale		**119,002,283**	—
		168,438,653	167,096,838
Total liabilities		**183,872,117**	182,908,356
Total deficit and liabilities		**115,221,255**	143,569,374

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

China Evergrande New Energy Vehicle Group Limited (the "**Company**") and its subsidiaries (together, the "**Group**") are engaged in technology research and development, production and sales of new energy vehicles in the People's Republic of China (the "**PRC**") and in other countries (collectively, the "**New Energy Vehicle Segment**"), as well as the "Internet+" community health management, international hospitals, and elderly care and rehabilitation (collectively, the "**Health Management Segment**") in the PRC.

The Company is incorporated in Hong Kong as a limited liability company under the Hong Kong Companies Ordinance. The address of its registered office is 15th Floor, YF Life Centre, 38 Gloucester Road, Wan Chai, Hong Kong.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in Renminbi ("**RMB**") thousands, unless otherwise stated.

The Company will deliver the consolidated financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company's auditor reported on these financial statements. In the auditor's report, the independent auditor expressed a disclaimer of opinion. In the auditor's report, it did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

2 BASIS OF PREPARATION

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(i) Compliance with Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Companies Ordinance (Cap. 622) ("HKCO")

The consolidated financial statements of the Group have been prepared in accordance with HKFRSs and requirements of the HKCO.

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for certain investment properties and financial assets at fair value through profit or loss which are measured at fair value, and assets held for sale which are measured at the lower of carrying amount and fair value less costs to sell.

(iii) Liquidity and going concern

The Group incurred loss of RMB27,664 million (2021: RMB56,344 million) for the year ended 31 December 2022. As at 31 December 2022, the accumulated losses and the shareholders' deficit of the Group amounted to RMB98,906 million (2021: RMB71,241 million) and RMB68,651 million (2021: RMB39,339 million), respectively. Cash and cash equivalents as at 31 December 2022 were RMB220 million (2021: RMB2,453 million).

The above matters indicated that the Group will need to secure a substantial amount of funds in the foreseeable future to finance these financial obligations and capital expenditures under various contractual and other arrangements.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write-down the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect to these adjustments has not been reflected in the consolidated financial statements.

The above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. In view of such circumstances, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to mitigate the liquidity pressure and to improve the Group's financial position which include, but are not limited to, the following:

(i) The Group continues to take active plans and measures to control operation and administrative costs through various channels, including but not limited to (i) having production and human resources optimisation and adjustments, (ii) reorganising the structure to each segment and maintaining close communication with suppliers, customers and banks, etc. (iii) committing to soliciting for new customers and exploring overseas markets to support the sustainable development of principle business of the Group; and (iv) containment of capital expenditures etc. (the "**Business and Operation Restructuring Plan**"); and

(ii) The Group is still actively in the process of negotiating with various bank, other financial institutions, third parties and related parties to renew its existing borrowings and corporate bonds which will be matured within twelve months after 31 December 2022 and to raise short-term and/or long-term financing to the Group so that the Group will be able to meet all financial obligations as and when they fall due in the coming twelve months from 31 December 2022 (the "**Financing Plan**").

The Directors have reviewed the Group's cash flow projections prepared by the management of the Company. The cash flow projections cover a period of not less than twelve months from 31 December 2022. They are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2022. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the following:

(i) Successful execution and completion of the Business and Operation Restructuring Plan;

(ii) Successful execution and completion of the Financing Plan; and

(iii) Successful generation of operating cash flows and in obtaining of additional sources of financing to finance the settlement of its existing financial obligations, commitments and future operating and capital expenditure, as well as to maintain sufficient cash flows of the Group's operations.

Should the Group fail to achieve the abovementioned plans and measures, it might not be able to continue operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

3 REVENUE

Revenue represents the net amounts received and receivable from customers during the year. An analysis of the Group's revenue by type for the year is as follows:

	2022	2021
	RMB'000	*RMB'000*
		(Re-stated)
Continuing operations		
Sales of lithium batteries (i)	**9,613**	9,919
Provision of technical services (ii)	**40,916**	60,709
Sales of vehicles and vehicle components (i)	**60,627**	1,748
Other	**22,855**	2,610
	134,011	74,986
Discontinuing operation held for sale		
Sales of health and living projects (i)	**3,675,956**	2,388,362
Income from medical cosmetology and health management (ii)	**12,576**	61,155
Rental income	**247**	6,716
	3,688,779	2,456,233
	3,822,790	2,531,219

(i) Revenue generated from the sales of health and living projects, lithium batteries, vehicles and vehicle components are recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the assets.

(iii) Revenue generated from medical cosmetology and health management and provision of technical services are recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

4 INCOME TAX CREDIT

The amount of income tax credited to the consolidated statements of comprehensive income represents:

	2022	2021
	RMB'000	*RMB'000*
		(Re-stated)
Current income tax:		
PRC corporate income tax	**63,500**	381
PRC land appreciation tax	**(54,702)**	—
	8,798	381
Deferred income tax:		
PRC corporate income tax	**(939,846)**	(725,941)
	(931,048)	(725,560)

5 LOSS PER SHARE

(a) Basic

Basic loss per share are calculated by dividing the loss attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	2022	2021
Loss attributable to shareholders of the Company (RMB'000)		
— From continuing operations	**(14,849,590)**	(27,346,778)
— From discontinuing operation held for sale	**(12,810,772)**	(28,927,762)
Weighted average number of ordinary shares for the purpose of basic loss per share (thousands)	**10,843,793**	9,614,331
Basic loss per share (RMB cents per share)		
— From continuing operations	**(136.941)**	(284.438)
— From discontinuing operation held for sale	**(118.139)**	(300.881)
	(255.080)	(585.319)

(b) Diluted

The share options granted by the Company have potential dilutive effect on the loss per share. Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares in issue less shares held for the share option scheme outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options granted by the Company (collectively forming the denominator for computing the diluted loss per share). No adjustment is made to loss (numerator).

	2022	2021
Loss attributable to shareholders of the Company (RMB'000)		
— From continuing operations	**(14,849,590)**	(27,346,778)
— From discontinuing operation held for sale	**(12,810,772)**	(28,927,762)
Weighted average number of ordinary shares for the purpose of basic loss per share (thousands)	**10,843,793**	9,614,331
Adjustments for share options	**—**	—
Weighted average number of ordinary shares for diluted loss per share (thousands)	**10,843,793**	9,614,331
Diluted loss per share (RMB cents per share)		
— From continuing operations	**(136.941)**	(284.438)
— From discontinuing operation held for sale	**(118.139)**	(300.881)
	(255.080)	(585.319)

6 TRADE RECEIVABLES

Trade receivables mainly arose from sale of vehicles and vehicle components. Proceeds in respect of sales of vehicles and vehicle components are to be received in accordance with the terms of the related sales and purchase agreements. The ageing analysis of trade receivables based on the revenue recognition date as at the respective balance sheet dates is as follows:

	2022	2021
	RMB'000	*RMB'000*
Within 90 days	**60,078**	39,260
91 days and within 180 days	**2,116**	76,380
181 days and within 365 days	**4,825**	50,493
Over 365 days	**35,759**	109,498
	102,778	275,631

7 TRADE PAYABLES

The Group normally receives credit terms of 60 days to 90 days from its suppliers. The following is an ageing analysis of trade payables based on the invoice date at the balance sheet date:

	2022	2021
	RMB'000	*RMB'000*
0–90 days	**4,672,682**	13,124,375
91–180 days	**628,405**	6,363,128
Over 180 days	**5,225,828**	22,164,389
	10,526,915	41,651,892

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is the extract of the independent auditor's report from the external auditor of the Company:

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of the Group, which comprise the consolidated statement of financial position as at 31 December 2022 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

1. ***Material uncertainties relating to going concern***

As described in note 2 to the consolidated financial statements, the Group incurred a net loss of approximately RMB27,663,709,000 for the year ended 31 December 2022 and had net current liabilities of RMB75,613,973,000 as at 31 December 2022 and the Group's cash and cash equivalents amounted to RMB219,941,000 only. These conditions, along with other matters as described in note 2 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors have taken measures to improve the Group's liquidity and financial position as described in note 2 to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to material uncertainties. We are unable to determine whether the use of the going concern assumption in the preparation of the consolidated financial statements is appropriate.

Should the going concern assumption be inappropriate, adjustments would have to be made to reclassify all non-current assets and liabilities as current assets and liabilities, to write down the values of assets to their recoverable amounts and to provide for any further liabilities which may arise. The consolidated financial statements do not include any such adjustments. However, material uncertainties exist in relation to the Group's ability to continue as a going concern in view of the Group's future cash flow. We consider that appropriate disclosures have been made in the consolidated financial statements concerning this situation but we have not obtained sufficient appropriate audit evidence regarding the Group's ability to meet its financial obligations as and when they fall due and we consider the potential cumulative effect on the consolidated financial statements of this material uncertainty relating to going concern to be so significant that we have disclaimed our opinion.

2. ***Insufficient appropriate audit evidence in respect of Opening balances and comparative information***

The consolidated financial statements for the year ended 31 December 2021 (the basis of the comparative amounts presented in the consolidated financial statements for the year ended 31 December 2022) expressed a disclaimer of opinion on the Group's results and cash flows due to staff departure of the Group and our inability to obtain sufficient appropriate audit evidence in respect of changes in accounting policies which formed the basis for the disclaimer of opinion on the consolidated financial statements for the year ended 31 December 2021 but the scope limitations no longer affect the current year figures in the consolidated financial statements for the year ended 31 December 2022. However, the comparative figures presented in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows may contain material misstatements and therefore may not be comparable with the current year figures.

Due to the lack of sufficient financial information as aforementioned, we are unable to satisfy ourselves that proper books of accounts have been kept so as to give a true and fair view of the state of the Group's affairs and present the consolidated financial statements in accordance with Hong Kong Financial Reporting Standards, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Owing to the significance and pervasiveness of the matters, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated financial statements. Accordingly, we disclaim our opinion on the accompanying consolidated financial statements of the Group for the year ended 31 December 2021.

Material matters relating to the audit of the Group's consolidated financial statements and the relevant audit procedure

In its resignation letter, PricewaterhouseCoopers noted that it had not received information on certain material matters relating to the audit of the Group's consolidated financial statements. The following are the relevant audit procedure performed by the independent auditors to address these material matters by the independent auditors:

	Material matters relating to the audit of the Group's consolidated financial statements	**Audit procedure**
1.	Its request to the Company's audit committee to establish an independent investigation committee and to engage an independent third party to assist in investigating the possible existence of offbalance sheet wealth management products as well as other off-balance sheet liabilities and undisclosed arrangements on pledge of deposit of the Group, and to provide relevant investigation reports and information. At present, PwC has not been informed of the progress of such independent investigation and has not received the relevant investigation reports and information.	The independent auditors have reviewed the independent investigation report (the "**Report**") conducted by Crowe LLP on the possible existence of off-balance sheet wealth management products, as well as other off-balance sheet liabilities and undisclosed arrangements on pledge of deposit of the Company. The Report confirmed that the Company did not have such material off-balance sheet transactions, assets, or liabilities. In terms of the Report, the independent auditors have completed the following works specifically: 1. the independent auditors have obtained the Report and have verified that the Report covers all potential off-balance sheet transactions and arrangements; 2. the independent auditors have assessed the adequacy of investigation methods through interviewing key personnel, examining internal documents, and browsing external information et cetera.; and 3. the independent auditors have examined whether the Report conclusion is clear, precise and fully supported by the evidence.
2.	The Group has not settled certain borrowings and other interest-bearing liabilities that were due on their contractual maturity dates in 2021. The management of the Group is required to further provide the Group's assessment on its compliance with the terms of certain borrowing contracts of the Group (including but not limited to financial covenants, non-financial covenants, borrowers' undertakings and warranties, borrowers' obligations and cross-default provisions).	The independent auditors have obtained and reviewed the Company's assessment on its compliance with the terms of certain borrowing contracts of the Company, including but not limited to financial covenants, non-financial covenants, borrowers' undertakings and warranties, borrowers' obligations and cross-default provisions. In cases where the Group defaulted, the Group has re-categorized the related debts as current liabilities. The independent auditors have reviewed the terms of such reserves and the rationale for the re-categorization.

	Material matters relating to the audit of the Group's consolidated financial statements	Audit procedure
3.	An assessment on the Group's going concern preparation basis for the year 2021 and the related disclosure implications, which includes cash flow projections for not less than 12 months from 1 January 2022, plans and measures prepared for future cash flows, and the related explanations or basis for key assumptions in the cash flow projection.	The independent auditors have re-examined the management's assessment on the Company's going concern assumption, which includes cash flow projections for 12 months, as well as supporting plans and measures for the projections. The key assumptions have reasonable bases. However, as the cash flow projections include several assumptions that are materially uncertain and have key impact on the Group's ability to continue as a going concern, the independent auditors are unable to obtain sufficient evidence to prove the Company's ability to continue as a going concern. Therefore, the independent auditors do not express their opinion on the Company's going concern assumption.
4.	Supporting information on the net realisable value of properties under development and completed properties held for sale as well as the recoverable amount of self-owned properties and fixed assets under the Group's property business segment as of 31 December 2021.	The independent auditors have reviewed the Company's assessment on the net realisable value of the properties. The assessment was based on a reasonable valuation method and the results are fully supported by the evidence. The independent auditors have also completed an independent valuation review of these assets.
5.	Some of the land use rights grant contracts owned by the Group have been terminated and the Group is required to return the land use rights and the management of the Group has yet to provide supporting documents on the recoverability of the land use right premiums paid in accordance with such contracts.	The independent auditors have obtained the Company's analysis on the recoverability of land use right premiums and have verified the supporting documents. With respect to these resumed lands, the Company has made corresponding accounting treatment, including derecognition of the ownership of such lands and provision of losses from related treatments. Such losses have been recognized in the year of occurrence.

	Material matters relating to the audit of the Group's consolidated financial statements	Audit procedure
6.	Management of the Group has assessed the provision for impairment of the long-term assets (including fixed assets, purchased intangible assets, capitalised intangible assets and goodwill) under its vehicle business segment as of 31 December 2021, with reference to the net discounted value of future cash flows of the cash-generating units of the Group's vehicle business segment; however, management has yet to provide supporting documents for the relevant capitalised intangible assets (including but not limited to project budgets, feasibility analysis reports and other documents), as well as material supporting documents for the relevant basis, key assumptions and other matters for calculation of the net discounted value of future cash flows of the cash-generating units.	The independent auditors have reviewed the data of the impairment test for the vehicle business, including project budgets, feasibility analysis reports, future cash flow projections and underlying key assumptions. The test results are well supported. With respect to the impairment assessment of such assets, the Company has engaged professional independent appraisers to conduct the assessment and the independent auditors have also reviewed such assessment.
7.	The Group's consolidated financial statements, breakdown of various accounting items and notes to the financial statements.	The independent auditors have obtained the relevant information of the Company for 2021 and 2022. For 2020, the independent auditors are unable to obtain sufficient data required to verify opening balances due to employee turnover in the Company and lack of cooperation from former auditors. Therefore, the independent auditors are unable to express their opinion on the opening balances.
8.	Other important financial information, which includes supporting documents for revenue recognition of sales of properties (including but not limited to information on property purchase contracts, acceptance reports and notices of delivery of properties), materials of completeness assessment on cost, expenses and liabilities of liquidated damages, a complete list of pending litigations (including but not limited to information on relevant specific cases and the assessment of the impact of such cases on the accuracy and completeness of unrecorded liabilities), the assessment of expected credit losses on receivables (including trade receivables and other receivables) as of 31 December 2021, balance with related parties and lists of related party transactions as well as the reconciliations results thereof.	The independent auditors have obtained the relevant information of the Company for 2021 and 2022. For 2020, we are unable to obtain sufficient data required to verify opening balances due to employee turnover in the Company and lack of cooperation from former auditors. Therefore, the independent auditors are unable to express their opinion on the opening balances.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The principal business activities of China Evergrande New Energy Vehicle Group Limited (the "**Company**") and its subsidiaries (the "**Group**") include the technology research and development ("**R&D**") and manufacturing of, and sales services in respect of new energy vehicles (collectively, the "**New Energy Vehicle Segment**" or the "**Continuing Operations**"). The Group previously also operated in the health management services business, which included the operations of elderly care and rehabilitation centres and various institutions and establishments (collectively, the "**Discontinuing Operations held for sale**"). The Group decided in late 2021 to phase out and discontinue such business operations and focus its efforts on the New Energy Vehicle Segment.

The Company actively responds to the national strategy of building a strong country through science and technology, and forayed into the new energy automobile industry with a huge market scale by forward planning. Through the closed loop of technology and data, the Group will create an intelligently connected mobile space of "car and home integration", and establish Hengchi as a world-renowned Chinese automobile brand.

Dedicated to the global R&D and promotion of new energy vehicles applications, the Group adheres to its core technology vision of "achieving world-class core technology and proprietary intellectual property rights" and its quality goal of "achieving world-class product quality", and has established a full industry chain of new energy vehicles covering automobile manufacturing, electric motor control, power batteries, vehicle sales, smart charging and other aspects.

The New Energy Vehicle Segment of the Group achieved breakthrough progress for the twelve months ended 31 December 2022 (the "**Reporting Period**"). The Group commenced the pre-order of Hengchi 5, more than 320 units of which were delivered during the Reporting Period. The Group had applied for a total of 3,512 patents in similar fields of study worldwide, 2,632 of which have been granted patents. The Group also built exhibition and experience centres, sales centres, as well as after-sales service centres, to be located in cities including Beijing, Shanghai, Guangzhou and Tianjin, in order to construct a strong closed loop of online and offline transactions. The main functions of such centres include promoting the Group's brand, vehicle sales and user experience, and providing after-sales maintenance and repair services such as vehicle delivery, machine repair and sheet metal spraying services.

During the Reporting Period, the Group continued to conduct a number of residential property sales under this segment, which was a continuation of this business segment's operations in 2021, but will be gradually phased out. In terms of the Discontinuing Operations held for sale, the Group continued to phase out its operations in the healthcare management services industries, through which it had provided, among others, health management, healthcare, medical care, rehabilitation and elderly care services through a membership platform. The Group reduced the number of health and living projects, which mostly were Evergrande Elderly Care Valley, sold in the year, from around 19,000 units at an approximate gross floor area of 2.2 million sq.m. in 2021 to under 1,000 units at an approximate gross floor area of less than 156,000 sq.m. during the Reporting Period. During the Reporting Period, the health management services business also provided medical cosmetology and health management to customers, which also included out-patient services provided to patients at the Group's hospitals, most notably the Evergrande International Hospital, and health institutions, which will also be discontinued eventually.

Financial Review

In the second half of 2021, as the Group decided to phase out the health management business and focus its operations on the New Energy Vehicle Segment moving forward, there had been a re-presentation of the Group's annual financial statements for 2022, as compared to 2021. After such re-presentation, the Discontinuing Operations held for sale recorded losses of RMB29,054.19 million in 2021 and RMB12,810.77 million in 2022.

I. ***Liabilities***

The total liabilities in the 2022 statement were RMB183,872.12 million, and the liabilities after excluding the receipts in advance of RMB3,313.65 million were RMB180,558.47 million, representing a year-on-year increase of RMB62,899.75 million compared to RMB117,658.72 million, the liabilities after excluding receipts in advance in 2021. Among which:

1. *Borrowings*

As at 31 December 2022, the Group's borrowings amounted to RMB25,985.17 million, representing a decrease of RMB14,679.74 million compared to RMB40,664.91 million in 2021.

Part of the borrowings is secured by the property and equipment, land use rights, investment properties, properties under development, completed properties held for sale and equity interests of several subsidiaries within the Group. As at 31 December 2022, the average annual interest rate of the borrowings was 7.65% (31 December 2021: 8.56%).

2. *Trade and Other Payables*

As at 31 December 2022, the Group's trade and other payables amounted to RMB30,796.18 million, representing a decrease of RMB40,945.68 million compared to RMB71,741.86 million in 2021.

3. *Liabilities of Discontinuing Operations Held for Sale*

As at 31 December 2022, the Group planned to sell residential projects and held liabilities of Discontinuing Operations held for sale of RMB119,002.28 million.

4. *Other Liabilities*

As at 31 December 2022, the Group's other liabilities amounted to RMB4,774.84 million.

II. *Operating Loss during the Reporting Period*

1. *Operating losses from Continuing Operations during the Reporting Period*

Revenue

In 2022, the Group's Continuing Operations (which mainly include the New Energy Vehicle Segment) had a turnover of RMB134.01 million, representing an increase of 78.71% as compared to RMB74.99 million in 2021. Such an increase in revenue was mainly attributable to the commencement in the sales of the Group's Hengchi 5 model. In July 2022, the Group commenced the pre-order of this model and over 320 units were delivered by the end of the Reporting Period. For such reasons, the sales in vehicles and vehicle components increased sharply from RMB1.75 million in 2021 to RMB60.63 million in 2022, among which, RMB60.34 million and RMB0.29 million were generated from sales of vehicles and sales of vehicle components respectively. On the other hand, the revenue generated from the provision of technical services was RMB40.92 million in 2022, among which, RMB36.75 million and RMB2.65 million were generated from technical services provided by NEVS and the Japan Research Institute respectively.

Gross loss

The gross loss of the Group's Continuing Operations decreased from RMB170.84 million in 2021 to RMB93.86 million during the Reporting Period, mostly due to the commencement in the delivery of Hengchi 5, which began generating revenue for this segment. The gross loss margin of the Group had dropped from 227.83% in 2021 to 70.04% in 2022, which was mainly attributable to the same reasons.

Other income, net

Other income during the Reporting Period was RMB274.84 million.

Sales and marketing costs

Sales and marketing expenses of the Group's Continuing Operations decreased by 84.75% from RMB1,285.67 million in 2021 to RMB196.13 million in 2022, mainly due to a decrease in branding expenses for the New Energy Vehicle Segment and a decrease in sales labor costs.

Administrative expenses

Administrative expenses of the Group's Continuing Operations decreased by 66.43% from RMB7,795.27 million in 2021 to RMB2,616.66 million in 2022, mainly due to decreases in headcount and salary reductions for some of the employees and a decrease in R&D investments.

Finance costs

The finance cost of the Group during the Reporting Period was RMB1,222.81 million.

Operating losses

In summary, the operating loss from the Continuing Operations during the Reporting Period was RMB3,854.62 million.

2. *Non-operating losses from Continuing Operations during the Reporting Period*

Other losses, net

Other losses during the Reporting Period were RMB3,598.64 million, due to losses related to the recovery of land, losses from joint investments, liquidated damages and other losses.

Impairment loss on property, plant and equipment and intangible assets

The net impairment losses on property, plant and equipment, intangible assets and goodwill of the Group's Continuing Operations decreased by 27.62% from RMB11,399.08 million in 2021 to RMB8,251.04 million in 2022, mostly due to a full impairment of goodwill in 2021.

Impairment losses on financial assets

The impairment losses on financial assets during the Reporting Period were RMB79.69 million, mainly due to the Group's corresponding provisions for other receivables and prepayments of associates, joint ventures and third parties.

In summary, the non-operating loss for the Reporting Period was RMB11,929.37 million.

III. ***Loss for the Year from Discontinuing Operations Held for Sale***

The loss from the Discontinuing Operations held for sale during the Reporting Period was RMB12,810.77 million as the Company decided to phase out elderly care valley and vehicle living projects and focus its efforts on the New Energy Vehicle Segment.

During the Reporting Period, for the reasons stated above, the Group recorded a loss of RMB27,663.71 million, representing a decrease of 50.90% as compared to the loss made in 2021.

Business Review

In 2022, China's new energy vehicle market continued to grow. According to the figures released by the China Association of Automobile Manufacturers, the annual production and sales volume of new energy vehicles reached 7.058 million vehicles and 6.887 million vehicles respectively, representing a year-on-year increase of 96.9% and 93.4% respectively, ranking first in the world for eight consecutive years. With the rapid development of the industry, in 2022, the State Council, the Development and

Reform Commission, the Ministry of Industry and Information Technology and other relevant departments have issued a series of policies and regulations to regulate the development of the industry and guide the transformation and upgrade of the industry.

Considering the market potential and the support received from both the industry and government policies, the Group will strive to seize the once-in-a-century industry development opportunity, strengthen its technology R&D and innovation, further improve product layout and fully promote the continuous development and growth of the New Energy Vehicle Segment. The Group's first production model, the Hengchi 5, was made available for pre-sale in July 2022, with mass production commencing in September 2022 and delivery commencing in October 2022.

R&D aspects:

During the Reporting Period, the Group continued to focus on R&D and had 811 scientific research personnel. By streamlining and integrating R&D institutions, the Vehicle Technology Research Institute (整車研究院) and the Academy of Intelligent Science (智能科學院) were retained to be responsible for product planning, styling and design, engineering development, virtual analysis, trial production testing and major research and development work such as forward-looking technology research, including technological exploration and innovation in the fields of intelligent network connection and autonomous driving.

In terms of car launches, the Hengchi 5 model has successfully entered the pilot production phase, focusing on software function iteration and product quality optimisation for full mass production in September 2022. The Group is undertaking the development work on Hengchi 6 and Hengchi 7 to improve product competitiveness.

In terms of Smart Internet and In-Vehicle Software design, in October 2022, the Group successfully completed the mass production of our first model Hengchi 5 developed based on the first-generation electronic and electrical architecture platform, and the performance and functions of various software have met the design indicators. The Group continues to focus on the mass production of other models with the same architecture platform and has started planning for the next generation architecture platform. In terms of developing intelligent cabin and intelligent driving systems, the Group completed delivery of H-Smart OS 1.0 system and H-Pilot 1.0 parking system which are embedded in the Hengchi 5 model in the third quarter.

Manufacturing aspects:

In September 2022, the Tianjin manufacturing base commenced mass production of Hengchi 5, and delivery began in October 2022.

During the Reporting Period, both the Shanghai manufacturing base and the Guangzhou manufacturing base formulated an equipment management plan based on the downtime management system. The equipment in each workshop should be turned on once every quarter for dynamic test runs and equipment maintenance.

In terms of power batteries, according to the capital position of the Group, during the Reporting Period, the Group focused more on new vehicle development, and the investment in R&D and base construction for power batteries gradually slowed down.

Sales of new energy vehicles:

The Group adopts the direct + authorised agent model to build the sales channel network of Hengchi, with 60 sales shops set up in 33 key cities such as Shanghai, Guangzhou, Tianjin, Beijing, Shenzhen and Hangzhou. At the same time, it has signed strategic cooperation agreements with Huasheng and Bosch automobile maintenance chain brands to lay out after-sales service outlets nationwide.

Charging services

By connecting to the Xingluo (星絡) charging platform, Hengchi APP has access to the State Grid, Southern Power Grid, Teld (特來電) and Star Charging (星星充電), etc., providing customers with intelligent functions such as one-click charging station enquiry, guidance for staggered charging, route navigation and charging reservation.

Sales of vehicle living projects:

Under the New Energy Vehicle Segment, as a continuation of the previous year's operations, the Group also conducted the sales of vehicle living projects during the Reporting Period. The Group operated 20 vehicle living projects and achieved a sales volume of 314 units (2021: 20,090 units), representing a floor area of 25,000 sq.m. (2021: 2.0 million sq.m.), at a pre-sales amount of RMB250 million (2021: RMB17.0 billion). In order to accelerate sales, the average discount given to purchasers was 32%, which was on par with those in 2021 and the first half of 2022.

OUTLOOK

In the future, the Group will make every effort to ensure the continuous and stable production and delivery of Hengchi 5, and launch other competitive new models one after another in line with market demand. The Group believes that the new energy automobile industry is developing positively.

In the field of R&D, the Group will continue to strengthen R&D investment and consolidate R&D foundation. While accelerating the R&D of core technologies to lead the technology innovation and development of smart electric vehicles, the Group will also stay focused on the R&D of new models, so as to provide users with more forward-looking smart electric vehicle products integrating technological aesthetics.

In the field of manufacturing, the Group will continue to strive to upgrade the manufacturing level, to perfect the quality systems and to reach planned production capacity as soon as possible in the Tianjin manufacturing base.

In respect of marketing, the Group will continue to push ahead the deployment, furnishing and opening of exhibition and experience centres, sales centres, as well as after-sales service centres, along with the further expansion of sales channels.

The Group will continue to uphold a customer-oriented approach and continue to enhance the vehicle user experience and quality of services. At the same time, the Group will keep a close watch on the development trend of the industry, seize future opportunities arising from economic recovery with an aim to improve the value and market competitiveness of the Group.

OTHER ANALYSIS

Capital Institutions, Liquidity and Financial Resources

The Group financed its operations by borrowings, shareholders' equity and cash generated from operations.

As at 31 December 2022, the Group had borrowings and lease liabilities (collectively "**total borrowings**") amounting to RMB41,141.43 million (including RMB26,608.25 million from Continuing Operations); total borrowings as at 31 December 2021 amounted to RMB41,678.64 million.

As at 31 December 2022, the Group's gearing ratio was 23.09% (as at 31 December 2021: 29.03%). Gearing ratio was calculated as total borrowings divided by total assets.

Capital Commitments, Significant Investments, Pledge of Assets

As at 31 December 2022, the Group had capital commitment of approximately RMB16.650 billion for the construction and the acquisition of fixed assets in Tianjin, Shanghai, Guangzhou, Yangzhou, and other areas in China.

As at 31 December 2022, the Group's borrowings of RMB16.355 billion (including RMB6.480 billion from Continuing Operations) were secured by pledge of the Group's property, plant and equipment, right-of-use assets, properties under development, completed properties held for sale, and equity interests of certain subsidiaries totalling at RMB26.812 billion (including RMB13.363 billion from Continuing Operations).

Material Litigation

As at 31 December 2022, the Group had a total of 36 pending litigation cases which involved more than RMB30 million each, and the total amount involved was approximately RMB7,916 million.

Failure to Repay Debts Due

As at 31 December 2022, the Group's unpaid debts due amounted to approximately RMB11,626 million. In addition, as at 31 December 2022, the Group's overdue commercial bills amounted to approximately RMB18,512 million.

Employee and Share Option Scheme

As at 31 December 2022, the Group had a total of 4,506 employees, and staff with a bachelors' degree or above accounted for approximately 90%. It incurred a total staff cost (including Directors' remuneration) of approximately RMB1,689.75 million during the Reporting Period (2021: RMB2,766.26 million).

To provide incentives or rewards to the staff and the Directors of the Company, the Company adopted a share option scheme (the "**Share Option Scheme**") on 6 June 2018. Since its adoption and up to 31 December 2022 and save as disclosed in the announcements of the Company published on 6 November 2020, 15 June 2021 and 21 September 2021 regarding the respective grants of share options, the Company has not granted any other new share option under such Share Option Scheme or adopted any other share option scheme.

As at 31 December 2022, a total of 752,200,000 share options were granted under the Share Option Scheme, amongst which: (i) a total of 388,600,000 share options granted under the Share Option Scheme had not been exercised; (ii) a total of 363,600,000 share options granted under the Share Option Scheme had lapsed; and (iii) no share option granted under the Share Option Scheme had been cancelled.

Contingent Liabilities

As at 31 December 2022, the Group did not have any material contingent liabilities (year ended 31 December 2021: Nil).

DIVIDEND

The Directors do not recommend the payment of dividend for the year ended 31 December 2022 (year ended 31 December 2021: Nil).

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors.

The Audit Committee reviewed with management the accounting principles and practices adopted by the Group and reviewed the Group's annual results and financial statements for the Reporting Period.

The figures in this preliminary announcement of the results of the Group have been agreed to the amounts set out in the Group's consolidated financial statements for the Reporting Period by the auditor of the Company, Prism Hong Kong and Shanghai Limited. The work of Prism Hong Kong and Shanghai Limited in this respect, did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and, consequently, no assurance will be expressed on the preliminary results announcement.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Very Substantial Disposal and Connected Transaction in relation to the Disposal of Subsidiaries

On 24 April 2023, the Company entered into a sale and purchase agreement with Anxin Holding Limited (the "**Purchaser**") and China Evergrande Group, pursuant to which the Purchaser conditionally agreed to purchase, and the Company conditionally agreed to sell as the beneficial owner, one issued share of each of Assemble Guard Limited ("**Assemble Guard**") and Flaming Ace Limited ("**Flaming Ace**"), representing the entire issued share capital of Assemble Guard and Flaming Ace respectively, at the consideration of RMB2 (the "**Disposal**"). The Disposal was completed on 12 May 2023 (after the general meeting held on the same day). For further details of the Disposal, please refer to the announcements of the Company dated 24 April 2023, 25 April 2023, 10 May 2023 and 12 May 2023 and the circular of the Company dated 25 April 2023.

Save as disclosed above, up to the date of this announcement, no significant events occurred after the Reporting Period.

CORPORATE GOVERNANCE

Corporate Governance Code

The Company had complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the Reporting Period, except as disclosed below.

Code provision B.2.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. No annual general meeting of the Company had been held since 18 June 2021. Therefore, no Directors have been subject to retirement and re-election by the Shareholders at the annual general meeting. An annual general meeting of the Company will be arranged in due course, for the retirement and re-election of Directors.

Code provision C.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Throughout the Reporting Period, the Company had not had any officer with the title of Chief Executive Officer. During such period, the overall responsibility of supervising and ensuring that the Group functions in line with the order of the Board in terms of day-to-day operation and execution was vested in the Board itself.

Code provision F.2.2 stipulates that the chairman of the Board should attend the annual general meeting, and invite the chairmen of the audit committee, remuneration committee, nomination committee and any other committees (as appropriate) to attend. No annual general meeting of the Company had been held since 18 June 2021. An annual general meeting of the Company will be arranged in due course.

Model Code for Securities Transactions

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry to the Directors, all of them confirmed that they had complied with the required standard of dealings as set out in the Model Code throughout the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

2023 ANNUAL GENERAL MEETING

As at the date of this announcement, the Company has not determined the date on which the Company's 2023 annual general meeting will be held and the relevant book closure arrangement. Further announcement(s) will be made by the Company as and when appropriate in accordance with the Listing Rules.

PUBLICATION OF THE ANNUAL RESULTS

This annual results announcement is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at https://www.irasia.com/listco/hk/evergrandevehicle/.

FORWARD LOOKING STATEMENTS

There can be no assurance that any forward-looking statements regarding the Group set out in this announcement or any of the matters set out therein 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 undue reliance on the information disclosed herein. Any holder of securities or potential investor of the Company who is in doubt is advised to seek advice from professional advisors.

CONTINUED SUSPENSION OF TRADING

The Company has made submission to the Stock Exchange in relation to the resumption progress and will provide further updates by way of announcement as and when appropriate.

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2022 and will remain suspended until further notice.

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

Hong Kong, 26 July 2023

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.