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 2023 AND CONTINUING CONNECTED TRANSACTIONS

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 2023 (the "**Reporting Period**") together with the comparative figures stated in this announcement for reference.

FINANCIAL HIGHLIGHTS

1. As at 31 December 2023, the Group had total assets of RMB34,851 million; total liabilities of RMB72,543 million, of which RMB26,484 million were borrowings, RMB43,012 million were trade and other payables and RMB3,047 million were other liabilities.

2. During the Reporting Period, the Group reported a revenue of RMB1,340 million and a gross loss of RMB51 million; a net loss totalled RMB11,995 million, representing a decrease of 56.64% year-on-year, of which: there were losses from discontinued operation (i.e., divestment of real estate projects) of RMB1,061 million, non-operating losses on disposal of assets, impairment of assets and other non-operating losses of RMB6,384 million, and operating losses of RMB4,550 million.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**31 December 2023** ***RMB'000***	31 December 2022 *RMB'000*
Continuing operations			
Revenue	*3*	**1,340,148**	134,011
Cost of sales		**(1,391,359)**	(227,869)
Gross loss		**(51,211)**	(93,858)
Other income, net		**4,785**	274,837
Other losses, net		**(446,025)**	(1,178,928)
Selling and marketing costs		**(254,907)**	(196,126)
Administrative expenses		**(2,350,222)**	(2,616,661)
Net impairment losses on financial assets		**(929,701)**	(79,688)
Net impairment losses on property, plant and equipment, intangible assets and right-of-use assets		**(4,811,100)**	(8,251,044)
Net impairment losses on inventories and properties under development		**(123,784)**	—
Operating loss		**(8,962,165)**	(12,141,468)
Finance income		**4,598**	8,112
Finance costs		**(1,921,272)**	(1,230,922)
Finance costs, net		**(1,916,674)**	(1,222,810)
Fair value losses on financial assets at fair value through profit or loss		**(73,079)**	(2,419,707)
Loss before income tax		**(10,951,918)**	(15,783,985)
Income tax credit	*4*	**17,737**	931,048
Loss for the year from continuing operations		**(10,934,181)**	(14,852,937)
Discontinued operation			
Loss for the year from discontinued operations		**(1,060,929)**	(12,810,772)
Loss for the year		**(11,995,110)**	(27,663,709)
Other comprehensive loss:			
Items that may be reclassified to profit and loss:			
Currency translation differences		**(307,522)**	(2,139,588)
		(307,522)	(2,139,588)
Total comprehensive loss for the year		**(12,302,632)**	(29,803,297)

	Notes	**31 December 2023** *RMB'000*	31 December 2022 *RMB'000*
Loss for the year attribute to owners of the Company			
— From continuing operations		**(10,873,270)**	(14,849,590)
— From discontinued operations		**(1,060,929)**	(12,810,772)
		(11,934,199)	(27,660,362)
Loss for the year attributable to non-controlling interest			
— From continuing operations		**(60,911)**	(3,347)
— From discontinued operations		**—**	—
		(60,911)	(3,347)
Total comprehensive loss attributable to:			
— Owners of the Company		**(12,241,721)**	(29,799,950)
— Non-controlling interests		**(60,911)**	(3,347)
		(12,302,632)	(29,803,297)
Loss per share from continuing operations and discontinued operations			
(expressed in RMB cents per share)			
— Basic loss per share	*5*	**(110.056)**	(255.080)
— Diluted loss per share	*5*	**(110.056)**	(255.080)
Loss per share from continuing operations			
(expressed in RMB cents per share)			
— Basic loss per share	*5*	**(100.272)**	(136.941)
— Diluted loss per share	*5*	**(100.272)**	(136.941)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	**31 December 2023** *RMB'000*	31 December 2022 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**12,440,969**	14,536,900
Right-of-use assets		**2,024,479**	2,921,112
Intangible assets		**786,835**	4,477,860
Prepayments		**59,665**	192,426
Investments accounted for using the equity method		**34,298**	—
Financial assets at fair value through profit or loss		**162,289**	259,321
Deferred tax assets		**78**	8,956
		15,508,613	22,396,575
Current assets			
Trade and other receivables and prepaid taxes	*6*	**18,671,281**	4,598,222
Prepayments		**129,793**	54,477
Properties under development		**109,018**	2,449,924
Inventories		**284,593**	521,892
Financial assets at fair value through profit or loss		**746**	134,300
Restricted cash		**17,900**	19,390
Cash and cash equivalents		**128,824**	219,941
		19,342,155	7,998,146
Assets classified as discontinued operations		**—**	84,826,534
Total current assets		**19,342,155**	92,824,680
Total assets		**34,850,768**	115,221,255

	Notes	**31 December 2023** **RMB'000**	31 December 2022 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital and share premium		**28,124,101**	28,124,101
Reserves		**45,072,080**	2,181,456
Accumulated losses		**(110,840,530)**	(98,906,331)
		(37,644,349)	(68,600,774)
Non-controlling interests		**(48,202)**	(50,088)
Total deficit		**(37,692,551)**	(68,650,862)
LIABILITIES			
Non-current liabilities			
Lease liabilities		**1,947**	283,823
Deferred income		**2,601,160**	2,781,150
Borrowings		**12,520,905**	12,312,127
Deferred tax liabilities		**—**	56,364
		15,124,012	15,433,464
Current liabilities			
Contract liabilities		**41,411**	3,313,647
Lease liabilities		**329,223**	339,261
Trade and other payables	*7*	**43,011,735**	30,796,181
Borrowings		**13,963,178**	13,673,042
Current tax liabilities		**73,760**	1,314,239
Liabilities classified as discontinued operations		**—**	119,002,283
		57,419,307	168,438,653
Total liabilities		**72,543,319**	183,872,117
Total deficit and liabilities		**34,850,768**	115,221,255

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

China Evergrande New Energy Vehicle Group Limited (the "**Company**") is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its parent is China Evergrande Group, an exempted company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange. Its ultimate parent is Xin Xin (BVI) Limited, a company incorporated in the British Virgin Islands. The address of the registered office and principal place of business of the Company is Room 2202, 22/F, YF Life Centre, 38 Gloucester Road, Wanchai, Hong Kong.

The principal activities of the Company and its subsidiaries (together, the "**Group**") are technology research and development, and 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 sales of property and property development in the PRC (collectively, the "**Property Development Segment**").

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

The Company will deliver the consolidated financial statements for the year ended 31 December 2023 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. The auditor's report did not include a reference to any matters which required the auditor's attention by way of emphasis without qualifying its report; nor did it contain a statement made 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 have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

(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, at the end of each reporting period, as explained in the accounting policies set out below.

(iii) Liquidity and going concern

The Group incurred loss of RMB11,995 million (2022: RMB27,664 million) for the year ended 31 December 2023. As at 31 December 2023, the accumulated losses and the shareholders' deficit of the Group amounted to RMB110,841 million (2022: RMB98,906 million) and RMB37,693 million (2022: RMB68,651 million), respectively. Cash and cash equivalents as at 31 December 2023 were RMB129 million (2022: RMB220 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) optimisation and adjustment of production and human resources; (ii) reorganising its structure based on various segments and maintaining close communication with suppliers, customers and banks, etc; (iii) committing to soliciting new customers and exploring overseas markets to support the sustainable development of the principal business of the Group; (iv) containment of capital expenditures; and (v) introducing strategic investors etc. (the "**Business and Operation Restructuring Plan**"); and

(ii) The Group is still actively negotiating with various bank, other financial institutions, third parties and related parties to renew its existing borrowings and corporate bonds due to mature within twelve months from 31 December 2023, so that the Group will be able to meet financial obligations as and when they fall due within twelve months from 31 December 2023, provided that strategic investors are introduced (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 2023. 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 2023. 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 realise its plans and measures described above. Whether the Group will be able to continue as a going concern would depend on 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 access to 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 for the Group's operations.

Should the Group fail to achieve the abovementioned plans and measures, it might not be able to continue to 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.

(iv) New and amended standards adopted by the Group

The Group has applied the following amendments or annual improvements for the first time for their annual reporting period commencing 1 January 2023:

HKFRS 17, Insurance contracts	Initial application of HKFRS 17 and HKFRS 9 — Comparative information
Amendments to HKAS 1and HKFRS Practice Statement 2	Disclosure of accounting policies
Amendments to HKAS 8	Definition of accounting estimates
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction
Amendments to HKAS 12	International tax reform — Pillar Two model rules

The group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards or annual improvements.

Except as described below, the application of the new and amended HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not applied early the following new and amendments to HKFRSs that have been issued but are not yet effective:

		Effective date
Amendments to HKAS 1	Classification of liabilities as current or non-current Non-current liabilities with covenants	1 January 2024
Amendments to HKFRS 16	Lease liability in a sale and leaseback	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the Group, no significant impact on the financial performance and position of the Group is expected when these new or revised standards and amendments become effective.

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:

	2023 ***RMB'000***	2022 *RMB'000*
Continuing operations		
New Energy Vehicle		
Sales of lithium batteries (i)	**—**	9,613
Provision of technical services (ii)	**37,256**	40,916
Sales of vehicles and vehicle components (i)	**146,322**	60,627
Other	**20,202**	22,855
	203,780	134,011
Property Development		
Sales of property (i)	**1,136,368**	—
	1,136,368	—
	1,340,148	134,011

	2023	2022
	RMB'000	*RMB'000*
Discontinued operations		
Health Management		
Sales of health and living projects (i)	**3,193,592**	3,675,956
Income from medical cosmetology and health management	**—**	12,576
Rental income	**1,514**	247
	3,195,106	3,688,779
	4,535,254	3,822,790

(i) Revenue generated from the sales of health and living projects and sales of property is recognised at the point in time when the property is deemed to be accepted by the customer under a sale contract with a certificate of completion of construction or when the property inventory has been delivered to property owners for use. Revenue from lithium batteries, vehicles and vehicle components is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the assets.

(ii) Revenue generated from the 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 credit to the consolidated statements of profit or loss and other comprehensive income represents:

	2023	2022
	RMB'000	*RMB'000*
Current income tax:		
PRC corporate income tax	**29,749**	63,500
PRC land appreciation tax	**—**	(54,702)
	29,749	8,798
Deferred income tax:		
PRC corporate income tax	**(47,486)**	(939,846)
	(17,737)	(931,048)

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.

	2023	2022
Loss attributable to shareholders of the Company (RMB'000)		
— From continuing operations	**(10,873,270)**	(14,849,590)
— From discontinued operations	**(1,060,929)**	(12,810,772)
Weighted average number of ordinary shares for the purpose of basic loss per share (in thousands)	**10,843,793**	10,843,793
Basic loss per share (RMB cents per share)		
— From continuing operations	**(100.272)**	(136.941)
— From discontinued operations	**(9.784)**	(118.139)
	(110.056)	(255.080)

(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).

	2023	2022
Loss attributable to shareholders of the Company (RMB'000)		
— From continuing operations	**(10,873,270)**	(14,849,590)
— From discontinued operations	**(1,060,929)**	(12,810,772)
Weighted average number of ordinary shares for the purpose of basic loss per share (in thousands)	**10,843,793**	10,843,793
Adjustments for share options	**—**	—
Weighted average number of ordinary shares for diluted loss per share (in thousands)	**10,843,793**	10,843,793
Diluted loss per share (RMB cents per share)		
— From continuing operations	**(100.272)**	(136.941)
— From discontinued operations	**(9.784)**	(118.139)
	(110.056)	(255.080)

6 TRADE RECEIVABLES

Trade receivables mainly arose from the sales 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 statement of financial position dates is as follows:

	31 December 2023	31 December 2022
	RMB'000	*RMB'000*
Within 90 days	**22,205**	60,078
91 days and within 180 days	**2,467**	2,116
181 days and within 365 days	**8,921**	4,825
Over 365 days	**48,323**	35,759
	81,916	102,778

7 TRADE AND NOTES 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 statement of financial position date:

	31 December 2023	31 December 2022
	RMB'000	*RMB'000*
0–90 days	**3,981,440**	4,672,682
91–180 days	**74,044**	628,405
Over 180 days	**5,591,082**	5,225,828
	9,646,566	10,526,915

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

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 2023 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 material accounting policy information and other explanation information.

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 section of our report, 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 Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Material uncertainties relating to going concern

As described in note 2 to the consolidated financial statements, the Group incurred a net loss of approximately RMB11,995 million for the year ended 31 December 2023 and had net current liabilities of RMB38,077 million as at 31 December 2023. The Group's cash and cash equivalents amounted to RMB129 million 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 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.

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, namely under the model series name "Hengchi". The Group completed the disposal of its health management business in May 2023 in order to focus on its new energy vehicles business. By integrating premium resources, the Group builds a new energy vehicle industry chain covering advanced vehicle R&D, intelligent connection, production and manufacturing, sales, and services. As at 31 December 2023, the Group had applied for a total of 3,512 patents in related fields of study worldwide, 2,718 of which were granted.

During the Reporting Period, affected by external and internal factors, the Group's production and sales fell short of expectations. The Company faced operating difficulties, and various of its operating activities such as R&D, production and sales, and the stable workforce were greatly affected.

Financial Review

I. *Liabilities*

The total liabilities as at 31 December 2023 were RMB72,543.32 million. Among which:

1. *Borrowings*

As at 31 December 2023, the Group's borrowings amounted to RMB26,484.08 million, representing an increase of RMB498.91 million compared to RMB25,985.17 million as at 31 December 2022.

Part of the borrowings were secured by the property and equipment, and land use rights of the Group and equity interests of several subsidiaries within the Group. As at 31 December 2023, the average annual interest rate of the borrowings was 7.08% (31 December 2022: 7.65%).

2. *Trade and Other Payables*

As at 31 December 2023, the Group's trade and other payables amounted to RMB43,011.74 million, representing an increase of RMB12,215.56 million compared to RMB30,796.18 million in 31 December 2022.

3. *Other Liabilities*

As at 31 December 2023, the Group's other liabilities amounted to RMB3,047.50 million.

II. *Loss during the Reporting Period*

(I) *Losses from Continuing Operations during the Reporting Period*

1. Revenue

During the Reporting Period, the Group had a turnover of RMB1,340.15 million, representing an increase of 900.04% as compared to the turnover of RMB134.01 million in the year ended 31 December 2022. Such increase in revenue was mainly attributable to an increase in the sales of vehicles and vehicles components from RMB60.63 million in 2022 to RMB146.32 million during the Reporting Period. Revenue from the sales of property increased by RMB1,136.37 million.

2. Gross loss

During the Reporting Period, the Group's gross loss was RMB51.21 million, representing a decrease of 45.44% as compared to a gross loss of RMB93.86 million for the year ended 31 December 2022.

3. Other income, net

Other income during the Reporting Period was RMB4.79 million.

4. Other losses, net

Other losses, net during the Reporting Period were RMB446.03 million due to liquidated damages and other losses.

5. Selling and marketing expenses

Selling and marketing expenses of the Group increased by 29.97% from RMB196.13 million in the year ended 31 December 2022 to RMB254.91 million during the Reporting Period mainly due to an increase in sales promotion and branding expenses for the Hengchi 5.

6. Administrative expenses

Administrative expenses of the Group decreased by 10.18% from RMB2,616.66 million in the year ended 31 December 2022 to RMB2,350.22 million during the Reporting Period mainly due to the reduction of employees, pay cuts made to some of the existing employees and a decrease in R&D expenses.

7. Net impairment losses on financial assets

The net impairment losses on financial assets during the Reporting Period were RMB929.70 million mainly due to the Group's corresponding provisions for other receivables and prepayments of third parties.

8. Net impairment losses on inventories and properties under development

The net impairment losses on inventories and properties under development of the Group during the Reporting Period were RMB123.78 million mainly due to the provision for impairment on vehicle inventories based on the principle of prudence.

9. Net impairment losses on property, plant and equipment, intangible assets and right-of-use assets

   The Group's net impairment losses on property, plant and equipment, intangible assets and right-of-use assets were RMB4,811.10 million during the Reporting Period mainly due to the provision for impairment on intangible assets and construction in progress.

10. Finance costs, net

   The finance cost, net of the Group during the Reporting Period was RMB1,916.67 million.

11. Fair value losses on financial assets at fair value through profit or loss

   The fair value losses on financial assets at fair value through profit or loss of the Group during the Reporting Period were RMB73.08 million.

   During the Reporting Period, for the reasons stated above, the Group recorded a loss of RMB10,934.18 million from continuing operations, representing a decrease of 26.38% as compared to the losses made in the year ended 31 December 2022.

(II) *Discontinued Operation*

During the Reporting Period, the Group recorded a loss of RMB1,060.93 million from the discontinued operation of a business, the disposal of which was completed on 12 May 2023.

In summary, the Group recorded a loss of RMB11,995.11 million during the Reporting Period.

Business Review

In 2023, China's new energy vehicle market continued to grow. According to the data published by the China Association of Automobile Manufacturers, in 2023, the global production and sales volume of new energy vehicles were 9.587 million vehicles and 9.495 million vehicles respectively, representing both an increase of 35.8% and 37.9% respectively, and the market share reached 31.6%. In terms of policies in support of the industry, in 2023, the government departments issued the Circular on the Organization of Pilot Zones for the Full Electrification of Public Sector Vehicles《關於組織開展公共領域車輛全面電動化先行區試點工作的通知》, Implementation Opinions on Accelerating the Construction of Charging Infrastructure to Better Support New Energy Vehicles in the Countryside and Rural Revitalization《關於加快推進充電基礎設施建設更好支持新能源汽車下鄉和鄉村振興的實施意見》, Guiding Opinions on Further Building a High-Quality Charging Infrastructure System《關於進一步構建高質量充電基礎設施體系的指導意見》, Circular on the Launching of New Energy Vehicles to the Countryside in 2023《關於開展2023年新能源汽車下鄉活動的通知》, and the Announcement on the Continuation and Optimization of the Policy on Reduction and Exemption of Vehicle Acquisition Tax for New Energy Vehicles《關於延續和優化新能源汽車車輛購置稅減免政策的公告》, to support the development of the new energy vehicles industry. Considering the market potential and the support received from both the industry and government policies, the Group will strive to seize such industry opportunities, improve product layout and promote the growth of its new energy vehicle business.

R&D aspects:

As at 31 December 2023, the Group had 270 scientific research personnel. During the Reporting Period, the Group continued to improve the product quality, functions, performance and reliability of Hengchi 5 continuously. Four OTA upgrades were completed during the Reporting Period, improving the functions of the vehicle in multiple dimensions, further enhancing product experience in two key dimensions: intelligent vehicle control and intelligent driving. In the meantime, the Group re-planned on the spectrum of its product models and conducted pre-research on the second-generation platform. The functions and performance of Hengchi 6 and Hengchi 7 products were continuously optimized. However, restrained by funding, the progress in the development and verification of these models were affected.

Manufacturing aspects:

As of 31 December 2023, the Group's Tianjin manufacturing base produced Hengchi 5 according to market demand, and a total of 1,700 units had rolled off the production line. During the Reporting Period, the Group continued to improve the management standard of the Tianjin manufacturing base to continuously enhance product quality and work efficiency. Both the Shanghai manufacturing base and the Guangzhou manufacturing base carried out equipment maintenance and management in accordance with the downtime management system and policy.

Sales of new energy vehicles:

As of 31 December 2023, 1,389 vehicles were delivered in aggregate. During the Reporting Period, the Group continued the direct operation model and authorized agent model to build up the sales channel network of Hengchi, while further focusing on key regions based on the Company's situation. There were 18 sales shops set up in 14 key cities including Guangzhou, Tianjin, Beijing, Wuhan and Chongqing. The Group also continued to cooperate with existing agents and automobile maintenance chain brands, Huasheng and Bosch, to provide comprehensive repair, maintenance and services to customers.

In terms of power batteries, according to capital position of the Group, during the Reporting Period, the Group focused its resources on the vehicle development and the R&D and base construction of power batteries ceased.

During the Reporting Period, the Group actively took measures to further reduce its operating costs.

Evergrande New Energy Vehicle (Tianjin) Co., Ltd.* officially commenced mass production in September 2022. As of 31 December 2023, a total of 1,700 Hengchi 5 were produced, which fell short of the relevant requirements.

* *For identification purpose only*

OUTLOOK

Recently, due to financial reasons, the Group has arranged vacation for certain staff and suspended the production of Tianjin base.

The Group will make every effort to introduce strategic investors to raise funds to maintain the Group's survival and future development plans.

With strategic investors introduced and funds in place, the Group will continue to push forward the development, verification and mass production of the annual and revised models of Hengchi 5, the Hengchi 6 and Hengchi 7 models. The Group will also continue to promote the R&D of new platforms and models based on market demand to provide users with more forward-looking smart electric vehicle products that integrate technological aesthetics. In terms of production and manufacturing, the Group will strive to promote the improvement of the manufacturing standard of the Tianjin manufacturing base and ensure high quality production and delivery. In terms of sales, the Group will further expand its sales channels, open up overseas markets, improve after-sales services and constantly improve its sales capabilities and user checkup services.

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 2023, the Group had borrowings and lease liabilities (collectively "**total borrowings**") amounting to approximately RMB26,815.25 million. (Continuing Operations as at 31 December 2022: RMB26,608.25 million)

As at 31 December 2023, the Group's gearing ratio was 76.94% (Continuing Operations as at 31 December 2022: 87.54%). Gearing ratio was calculated as total borrowings divided by total assets.

Capital commitments, Significant Investments, Pledge of Assets

As at 31 December 2023, the Group had capital commitments of approximately RMB13,751 million for the construction of the Group's bases in Tianjin, Shanghai, Guangzhou and other regions across the country, and for the Group's acquisition of fixed assets.

During the Reporting Period, the Group had no significant investments.

As at 31 December 2023, the Group's borrowings of RMB7,255 million were secured by pledge of the Group's property, plant and equipment, right-of-use assets and equity interests of certain subsidiaries, totaling at RMB12,605 million.

Material Litigation

As at 31 December 2023, the Group had a total of 68 pending litigation cases which involved more than RMB30 million each, and the total amount involved was approximately RMB13,608 million.

Failure to repay debts due

As at 31 December 2023, the Group's unpaid debts due amounted to approximately RMB9,447 million. In addition, as at 31 December 2023, the Group's overdue commercial bills amounted to approximately RMB3,401 million.

Employee and Share Option Scheme

As at 31 December 2023, the Group had a total of 1,342 employees, and management and professional technical personnel with a bachelors' degree or above accounted for approximately 92%. It incurred a total staff cost (including Directors' remuneration) of approximately RMB706.95 million during the Reporting Period (2022: RMB1,689.75 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 2023 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 2023, a total of 752,200,000 share options were granted under the Share Option Scheme, amongst which: (i) a total of 221,515,000 share options granted under the Share Option Scheme had not been exercised; (ii) a total of 530,685,000 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 2023, the Group had no significant contingent liabilities (31 December 2022: Nil).

DIVIDEND

The Directors do not recommend the payment of dividend for the Reporting Period (year ended 31 December 2022: 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 ("**Prism**"). The work of Prism in this respect does 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.

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, for a consideration of RMB2 (the "**Disposal**"). The Disposal was completed on 12 May 2023 (after the general meeting held on the same date). 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.

PROPOSED ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE TO NWTN INC.

On 14 August 2023 (after trading hours), the Company, NWTN Inc., China Evergrande Group and Mr. Hui Ka Yan ("**Mr. Hui**") entered into the share subscription agreement (the "**Share Subscription Agreement**"), pursuant to which the Company conditionally agreed to allot and issue, and NWTN Inc. conditionally agreed to subscribe for, 6,177,106,404 new Shares (the "**Subscription Shares**") (the "**Share Subscription**"), resulting in NWTN Inc. holding approximately 27.50% of the total number of issued Shares as enlarged by the issuance of Shares upon completion of the Loan Conversion (as defined below) and the Share Subscription (assuming that there is no other issue of new Shares and the grantees under the Share Option Scheme do not exercise any share options from the date of the Share Subscription Agreement to the date of completion of the Share Subscription Agreement (the "**Closing Date**")), for a total consideration of HK$3,889,723,903 (equivalent to approximately US$500 million), which represented the subscription price of HK$0.6297 per Subscription Share.

On 14 August 2023 (after trading hours), China Evergrande Group and Mr. Hui delivered to NWTN Inc. a deed on voting control duly executed by China Evergrande Group and Mr. Hui (the "**Deed on Voting Control**"), and NWTN Inc. delivered to China Evergrande Group and Mr. Hui the Deed on Voting Control duly executed by NWTN Inc. The Deed on Voting Control is effective from the Closing Date. To support business recovery and growth of the Group, on 14 August 2023 (after trading hours), NWTN (Zhejiang) Automobile Co., Ltd.* (a subsidiary of NWTN Inc.) and Evergrande New Energy Vehicle (Tianjin) Co., Ltd.* (a subsidiary of the Company) entered into a transitional funding support agreement, pursuant to which NWTN (Zhejiang) Automobile Co., Ltd.* shall, subject to the satisfaction

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of conditions precedent in the agreement, provide an interest-free secured transitional funding in the amount of RMB600 million in three equal tranches to Evergrande New Energy Vehicle (Tianjin) Co., Ltd.* for the research and development, manufacturing of and sales services in respect of vehicles of the Group.

During the Reporting Period, the Group received interest-free and secured transitional fund of RMB200 million.

As disclosed in the announcement of the Company dated 1 January 2024, the long stop date of the Share Subscription Agreement is 31 December 2023. The parties to the Share Subscription Agreement did not agree on the extension of the long stop date. Therefore, the Share Subscription Agreement lapsed on 31 December 2023.

For more details in relation to the Share Subscription, please refer to the announcements of the Company dated 14 August 2023 and 1 January 2024. Please also refer to the announcements of the Company dated 2 February 2024 and 3 March 2024 for the monthly update of the status of the Share Subscription subsequent to 1 January 2024.

CONVERSION OF LOANS PROVIDED BY CHINA EVERGRANDE GROUP, MR. HUI, XIN XIN (BVI) LIMITED ("XIN XIN"), MS. DING YUMEI ("MS. DING") AND GOOD BOND LIMITED ("GOOD BOND") TO THE COMPANY (THE "LOAN CONVERSION")

On 14 August 2023 (after trading hours), the Company entered into the loan conversion subscription agreement with China Evergrande Group, Mr. Hui, Xin Xin, Ms. Ding and Good Bond, pursuant to which each of them conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue to them (or any person designated by them), an aggregate of 5,441,305,702 new Shares at the subscription price of HK$3.84 per Share with an aggregate subscription amount of HK$20,894,613,901.15 (the "**Loan Conversion Subscription Agreement**"). Such subscription amount shall be satisfied by way of set-off against the relevant loans owed by the Company to China Evergrande Group, Mr. Hui, Xin Xin, Ms. Ding and Good Bond with an aggregate amount of HK$20,894,613,901.15 pursuant to the set-off agreement entered into among the Company and China Evergrande Group, Mr. Hui, Xin Xin, Ms. Ding and Good Bond on 14 August 2023. Pursuant to the Loan Conversion Subscription Agreement, (i) the outstanding principal amount of the loan of US$1,767,815,270 (equivalent to approximately HK$13.8 billion) provided by China Evergrande Group to the Company plus the interest accrued on the outstanding principal amount of such loan up to and including 14 August 2023 in the sum of US$294,474,434 (equivalent to approximately HK$2.3 billion) shall be converted into 4,178,284,870 new Shares (representing approximately 25.66% of the total number of Shares after the completion of the Loan Conversion) at HK$3.84 per Share and be issued to China Evergrande Group (or the immediate holding company of the Company as designated by China Evergrande Group, i.e. Evergrande Health Industry Holdings Limited, a subsidiary of China Evergrande Group) to be deposited into custody accounts in relation to the mandatory exchangeable bonds to be issued by China Evergrande Group to its creditors exchangeable into Shares and China Evergrande Group NEV Linked New Notes A2 and China Evergrande Group NEV Linked New Notes C2 to be

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issued by China Evergrande Group to its creditors; (ii) the outstanding principal amount of the loan provided by Mr. Hui and Xin Xin to the Company of HK$2,650,000,000 shall be converted into 690,104,166 new Shares (representing approximately 4.24% of the total number of Shares after the completion of the Loan Conversion) at HK$3.84 per Share and be issued to Mr. Hui and Xin Xin to be deposited into custody account and used as additional Exchange Property, and (iii) the outstanding principal amount of the loan provided by Ms. Ding and Good Bond to the Company of HK$2,200,000,000 shall be converted into 572,916,666 new Shares (representing approximately 3.52% of the total number of the issued Shares after completion of the Loan Conversion) at HK$3.84 per Share to be issued to Ms. Ding and Good Bond. The new Shares shall be issued upon completion of the Loan Conversion. Please refer to the announcement of the Company dated 14 August 2023 for further details.

As disclosed in the announcement of the Company dated 1 January 2024, the long stop date of the Loan Conversion Subscription Agreement is 31 December 2023. The parties to the Loan Conversion Subscription Agreement did not agree on the extension of the long stop date. Therefore, the Loan Conversion Subscription Agreement lapsed on 31 December 2023. Please refer to the announcement of the Company dated 1 January 2024 for further details.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

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 C1 of the Listing Rules throughout the Reporting Period, except as disclosed below.

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.

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.

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Company's announcement of annual results for the year ended 31 December 2021 dated 26 July 2023 (the "**2021 Annual Results Announcement**"). In the 2021 Annual Results Announcement, it was disclosed, *inter alia*, that (a) certain subsidiaries of China Evergrande Group have provided green landscaping engineering and construction services (the "**Green Landscaping Services**") for the real estate projects developed by certain subsidiaries of the Company from 1 January 2021 onwards; and (b) certain subsidiaries of the Company have entered into certain transactions in relation to procurement of materials (the "**Material Procurement**") from certain subsidiaries of China Evergrande Group from 1 January 2023 onwards. For details of the Green Landscaping Services and Material Procurement, please refer to the 2021 Annual Results Announcement. The Group has no intention to enter into any new transaction in respect of the Green Landscaping Services and the Material Procurement in 2024 and subsequent years, but the relevant subsidiaries of the Company and the relevant subsidiaries of China Evergrande Group (In Liquidation) will continue to perform such obligations under those agreements having been entered into between them on or before 31 December 2023.

In addition, during the preparation of the annual financial statements of the Company for the year ended 31 December 2023, the Board noted that from 1 January 2023 to 31 December 2023, certain subsidiaries of China Evergrande Group have purchased new energy vehicles ("**NEV**") from certain subsidiaries of the Company (the "**Sales of NEV**").

Summary of Major Terms in relation to the Sales of NEV

Set out below is the summary of the major terms of the transactions relating to the Sales of NEV:

Period:	From 1 January 2023 to 31 December 2023
Parties:	(i) Certain subsidiaries of China Evergrande Group (as the purchaser) (ii) Certain subsidiaries of the Company (as the supplier)
Scope of sales:	Certain subsidiaries of China Evergrande Group have purchased NEV from certain subsidiaries of the Company.
Selling price:	The selling prices of NEV were determined after arm's length negotiations and on normal commercial terms with reference to the overall market prices of NEV, market share, ordering situation and performance of major competitors of NEV.

Sales amount: The aggregate sales amount in respect of the Sales of NEV was approximately RMB15,066,725.65 for the year ended 31 December 2023.

The Group has no intention to enter into any new transaction in respect of the Sales of NEV. The aggregate sales amount in respect of the Sales of NEV for the year ended 31 December 2023 represents the aggregate amount of transactions that have been completed pursuant to the terms of the existing agreements or purchase orders.

Reasons for and Benefits of the Sales of NEV

The historical long-term cooperation between the Group and China Evergrande Group in relation to other businesses has enabled China Evergrande Group to have a comprehensive and in-depth understanding of the Group's NEV business and the sales needs to maintain its business. Hence, as compared to other third parties, selling NEV to China Evergrande Group would help ensure and maximize operating efficiency and stability of the operations of the Group.

In view of the above, the Directors (excluding Mr. Siu Shawn, Mr. Chau Shing Yim, David, Mr. Guo Jianwen and Mr. Xie Wu) consider that the terms and conditions of the transactions for the Sales of NEV for the year ended 31 December 2023 are fair and reasonable, and all such transactions were carried out on normal commercial terms in the ordinary business of the Group and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE COMPANY AND THE PARTIES

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 and manufacturing of, and sales services in respect of NEV.

China Evergrande Group (In Liquidation)

China Evergrande Group (In Liquidation) is a company incorporated in the Cayman Islands with limited liability whose shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). China Evergrande Group (In Liquidation) was a conglomerate and was principally engaged in the property development, property investment, property management, NEV development and production, and cultural tourism business in the People's Republic of China before it was ordered to be wound up by the High Court of Hong Kong on 29 January 2024.

LISTING RULES IMPLICATIONS

As at the date of this announcement, China Evergrande Group (In Liquidation) is a controlling shareholder of the Company and thus a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the Sales of NEV, the Green Landscaping Services and the Material Procurement (collectively, the "**Historical Transactions**") constituted continuing connected transactions of the Company.

As the highest applicable percentage ratio in respect of the transaction amount of each of (i) the Sales of NEV for the year ended 31 December 2023; (ii) the Green Landscaping Services for the year ended 31 December 2023; and (iii) the Material Procurement for the year ended 31 December 2023 exceeded 5%, such continuing connected transactions were subject to the announcement, annual review and Independent Shareholders' (as defined below) approval requirements pursuant to Chapter 14A of the Listing Rules. Given the transactions for the Sales of NEV for the year ended 31 December 2023, the Green Landscaping Services for the year ended 31 December 2023 and the Material Procurement for the year ended 31 December 2023 have already been entered into, the Company will seek the ratification of such transactions from the shareholders of the Company, other than those required to abstain from voting on the resolution(s) relating to the ratification of the Historical Transactions, at the general meeting of the Company (the "**GM**") under the Listing Rules (the "**Independent Shareholders**"). The Group has no intention to enter into any new transaction in respect of the Sales of NEV, the Green Landscaping Services or the Material Procurement.

Mr. Siu Shawn, an executive Director and the chairman of the Company, who is also an executive director and the chief executive officer of China Evergrande Group (In Liquidation), as well as Mr. Chau Shing Yim, David, an independent non-executive Director, who is also an independent non-executive director of China Evergrande Group (In Liquidation), have abstained from voting on the relevant Board resolutions approving, confirming and/or ratifying the transactions above since they have material interests in the transactions above. Save as disclosed above, none of the other Directors has a material interest in the transactions above and therefore no other Director has abstained from voting on the relevant Board resolutions in relation to the transactions above.

GENERAL

The Company will convene a GM to consider and, if thought fit, approve the ratification of the Historical Transactions. As China Evergrande Group (In Liquidation) and its associate(s) have material interests in the Historical Transactions, China Evergrande Group (In Liquidation) and its associate(s) will abstain from voting on the resolution(s) proposed for approval on the aforementioned matters at the GM.

An independent board committee comprising all the independent non-executive Directors (except for Mr. Chau Shing Yim, David who is also an independent non-executive director of China Evergrande Group (In Liquidation)) (the "**Independent Board Committee**") has been established by the Company to consider the ratification of the Historical Transactions, and to advise the Independent Shareholders as to whether the Historical Transactions were on normal commercial terms or better and fair and reasonable, and in the interests of the Company and its shareholders as a whole. The Company has appointed Maxa Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**Independent Financial Adviser**"), to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, amongst other things, (i) further details of the Historical Transactions; (ii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; and (iv) a notice to convene the GM, is expected to be despatched to the shareholders of the Company on or before 22 April 2024.

NON-COMPLIANCE AND REMEDIAL ACTIONS

Due to inadvertent oversights, the Company did not make the required disclosures in respect of the transactions for the Sales of NEV for the year ended 31 December 2023, and did not seek the required independent shareholders' approval in respect of the Historical Transactions in accordance with the Listing Rules.

As soon as the Company discovered the non-compliance, it immediately sought advice from professional advisers and published this announcement to provide details of such continuing connected transactions. Currently, the Company is also reviewing its other continuing connected transactions having been carried out and to be carried out in the current and subsequent financial years and will comply with such requirements under Chapters 14 and/or 14A of the Listing Rules that have been or will be applicable as soon as practicable. The Company is committed to taking remedial actions to tighten its internal control procedures with a view to preventing a recurrence of similar non-compliance events in the future. The Company will take measures to strengthen its internal control, including:

(i) the Company will regularly update a list of the connected persons of the Company to identify all the connected transactions at the Company and subsidiaries level;

(ii) the Company will provide regular trainings on regulatory and legal topics to the employees of the Group including but not limited to compliance with connected transaction requirements under the Listing Rules;

(iii) the Company will review its internal control system and existing policies and procedures in monitoring connected transactions of the Group under the Listing Rules and will adopt a new connected transaction management policy;

(iv) the Company will strengthen the coordination and reporting arrangements for connected transactions within the Group; and

(v) the Company will (by its own staff or its advisers) consult the Stock Exchange, if any percentage ratio in respect of any proposed transaction produces an anomalous result or if the Company has any doubt on any procedure or requirement under the Listing Rules.

ANNUAL GENERAL MEETING

As at the date of this announcement, the Company has not determined the date on which the Company's forthcoming 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 realized 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.

APPRECIATION

The Board would like to express its sincere gratitude to the Company's shareholders, investors, employees and business partners for their continuous support.

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

Hong Kong, 27 March 2024

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.