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CHINA EVERGRANDE NEW ENERGY VEHICLE GROUP LIMITED

中國恒大新能源汽車集團有限公司

(a company incorporated in Hong Kong with limited liability)

(Stock code: 708)

- (1) PROPOSED ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE AND APPLICATION FOR WHITEWASH WAIVER**
(2) SPECIAL DEALS RELATING TO THE LOAN CONVERSION AND
(3) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Financial Adviser to the Company



Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders



INTRODUCTION

The Board announces that, on 14 August 2023 (after trading hours), the Company, the Subscriber, CEG and Mr. Hui entered into the Share Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, the Subscription Shares (i.e., 6,177,106,404 new Shares), resulting in the Subscriber holding approximately 27.50% of the total number of issued Shares as enlarged by the issuance of Shares upon completion of the Loan Conversion 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 Closing Date), for a total consideration of HK\$3,889,723,903 (equivalent to approximately US\$500 million), implying the Subscription Price of HK\$0.6297 per Subscription Share.

On 14 August 2023 (after trading hours), CEG and Mr. Hui delivered to the Subscriber the Deed on Voting Control duly executed by CEG and Mr. Hui, and the Subscriber delivered to CEG and Mr. Hui the Deed on Voting Control duly executed by the Subscriber. 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 the Subscriber) and Evergrande New Energy Vehicle (Tianjin) Co., Ltd.* (a subsidiary of the Company) entered into a Transitional Funding Support Agreement, pursuant to which the Fund Provider shall, subject to the satisfaction of conditions precedent in that agreement, provide an interest-free secured transitional funding in the amount of RMB600 million in three equal tranches to the Fund Recipient for the research and development, manufacturing of and sales services in respect of vehicles of the Group.

PROPOSED AMENDMENTS TO THE AOA

In connection with the Share Subscription, the Company proposes to amend the AOA to further enhance the corporate governance of the Board. The amendments to the AOA are set out in this announcement and will be contained in the circular to be despatched to the Shareholders. The amendments to the AOA are conditional upon, among others, the approval of the Share Subscription Agreement and the Whitewash Waiver at the EGM and will take effect upon Closing.

PUBLIC FLOAT

As at the date of this announcement, the public float of the Company is approximately 41.39%. After completion of the Loan Conversion, the public float of the Company will be reduced to approximately 31.08%. After the Closing, the Subscriber will become a core connected person of the Company, holding approximately 27.50% of the total number of issued Shares. Based on the illustrative shareholding table and the assumptions stated in the section headed “Effect on Shareholding Structure of the Company” of this announcement, immediately after the Closing, the public float of the Company is approximately 22.53%, which is approximately 2.47% below the minimum public float of 25% as required under Rule 8.08(1)(a) of the Listing Rules.

It is the intention of the Board and the Subscriber that the Company will remain listed on the Stock Exchange after Closing. Based on the illustrative shareholding table and the assumptions stated in the section headed “Effect on Shareholding Structure of the Company” of this announcement, it is expected that the Company will restore its public float as a result of the exchange of the MEBs for not less than 554,429,111 Shares.

The Company believes that there will be strong commercial and economic interest for the holders of the MEBs to exchange their MEBs for Shares deposited in the custody accounts in the first few months of the exchange period after taking into account (i) the current market price of the Evergrande USD-denominated notes as held by the creditors of CEG, the current market price of the Shares and the price at which the MEBs will be exchanged into Shares; and (ii) the liquidity which the relevant creditors of CEG can gain from the exchange of MEBs. In addition, with the expected improvement of market outlook and the additional funding following the Closing, the Company is expected to be able to secure sufficient investments by way of placing of new Shares to satisfy the public float requirement. As a fallback solution and subject to prevailing market conditions, the Company will engage in discussions with the Subscriber and (in the event that CEG has any Shares available for sale at the relevant time) CEG to formulate plans for an orderly disposal of their holdings of Shares on a pro-rata basis to independent third parties for restoration of the prescribed minimum public float of 25% of the Company.

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted a temporary waiver from strict compliance with the requirements of Rule 8.08(1)(a) of the Listing Rules, and allow the minimum public float of the Company to be reduced to 22.53% for the period from the Closing to 30 April 2024 subject to the condition that the Company would disclose the waiver by way of an announcement.

TAKEOVERS CODE IMPLICATIONS, APPLICATION FOR THE WHITEWASH WAIVER AND SPECIAL DEALS

As at the date of this announcement, save for 6,347,948,000 Shares held by CEG directly and indirectly through Evergrande Health and Acelin (representing approximately 58.54% of the total number of issued Shares), none of the Subscriber or any person acting in concert with it owns or controls any Shares. Due to the arrangement under the Deed on Voting Control, the Subscriber is considered to be acting in concert with CEG and Mr. Hui. As at the date of this announcement, CEG holds 6,347,948,000 Shares (representing approximately 58.54% of the total number of issued Shares) and Mr. Hui (other than through CEG) does not hold any Share. After completion of the Loan Conversion (but before Closing and full exchange of the MEBs), CEG and Mr. Hui (directly and through Xin Xin) will hold 11,216,337,036 Shares (representing approximately 68.87% of the total number of issued Shares). Assuming that there is no other issue of any new Shares and the grantees under the Share Option Scheme do not exercise any share options from the date of this announcement to the Closing Date, immediately after the Closing: (i) the shareholding of the Subscriber will be increased to 6,177,106,404 Shares, representing approximately 27.50% of the total number of issued Shares; and (ii) CEG and Mr. Hui will be interested in 11,216,337,036 Shares, representing approximately 49.93% of the total number of issued Shares, comprising (1) 6,330,807,426 Shares (representing approximately 28.18% of the total number of issued Shares) in the custody account as Exchange Property and (2) 4,885,529,610 Shares (representing approximately 21.75% of the total number of issued Shares) in the custody accounts for the benefits of the SLNs, and CEG and Mr. Hui will remain as the beneficial owners of such Shares until the exchange of the MEBs or the occurrence of any enforcement event under the SLNs triggering the transfer of such Shares. Upon the full exchange of MEBs, the Subscriber and CEG will be interested in 6,177,106,404 Shares and 4,885,529,610 Shares (representing approximately 27.50% and 21.75% of the total number of issued Shares), respectively. The Subscriber will become the single largest Shareholder and the largest Shareholder in the concert group which results in a significant change in the balance of the concert group.

As such, the Subscriber is obliged under Note 1 to Rule 26.1 of the Takeovers Code to make a mandatory general offer for all Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber and parties acting in concert with it), unless the Whitewash Waiver is granted by the Executive.

Application for the Whitewash Waiver

The Subscriber has made an application to the Executive for the Whitewash Waiver from compliance with the obligations to make a mandatory general offer for all Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber and parties acting in concert with it) under Rule 26.1 of the Takeovers Code in respect of the Proposed Transactions. The Whitewash Waiver, if granted, will be subject to, among other things, the approval by at least 75% of the votes cast by the Independent Shareholders by way of poll in respect of the Whitewash Waiver and more than 50% of the votes cast by the Independent Shareholders by way of poll in respect of the Proposed Transactions, respectively, at the EGM.

The Subscriber, its associates and any parties acting in concert with it and the Shareholders who are involved in or interested in the Share Subscription Agreement, the Proposed Transactions, the Whitewash Waiver and/or the Special Deals (including but not limited to CEG, Evergrande Health, Acelin, Mr. Hui, Xin Xin, Mr. SIU Shawn, Mr. LIU Yongzhuo, Mr. QIN Liyong, Ms. Ding, Good Bond and Mr. LIU Zhen), will be required to abstain from voting in respect of (i) the resolutions to approve the Specific Mandate, the Share Subscription Agreement, the Proposed Transactions and the Whitewash Waiver at the EGM and (ii) the resolutions to approve the Loan Conversion Subscription Agreement, the Set-Off Agreement, the transactions contemplated under the Loan Conversion Subscription Agreement and the Set-Off Agreement (including the grant of the specific mandate and the Special Deals) at a separate general meeting.

Assuming (i) the Whitewash Waiver is granted and the Closing occurs; and (ii) there is no change in the total number of issued Shares save for the Loan Conversion and the allotment and issue of the Subscription Shares from the date of this announcement to the date of the full exchange of the MEBs, immediately after the full exchange of the MEBs, the shareholding of the Subscriber and parties acting in concert with it will drop to 11,062,636,014 Shares, representing approximately 49.25% of the total number of issued Shares. For so long as the Subscriber and the parties acting in concert with it hold between 30% and 50% of the voting rights in the Company, if the Subscriber and/or parties acting in concert with it acquire additional voting rights which results in the increase of their holding of voting rights in the Company by more than 2% from their lowest collective percentage holding in the 12-month period ending on and inclusive of the date of the relevant acquisition, the Subscriber and parties acting in concert with it may trigger an obligation to make a mandatory general offer for all the issued Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber and parties acting in concert with it).

Special Deals relating to the Loan Conversion

Reference is made to the Loan Conversion Announcement. On 14 August 2023 (after trading hours), the Company entered into the Loan Conversion Subscription Agreement with CEG, Mr. Hui, Xin Xin, Ms. Ding and Good Bond, pursuant to which each of them has conditionally agreed to subscribe for, and the Company has 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. Such subscription amount shall be satisfied by way of set-off against the Relevant Loans owed by the Company to CEG, Mr. Hui, Xin Xin, Ms. Ding and Good Bond pursuant to the Set-Off Agreement.

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 CEG 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) will 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 CEG (or the immediate holding company of the Company as designated by CEG, i.e. Evergrande Health) to be deposited into custody accounts in relation to the MEBs and the SLNs; (ii) the outstanding principal amount of the loan provided by Mr. Hui and Xin Xin to the Company of HK\$2,650,000,000 will 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 will 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 will be issued upon completion of the Loan Conversion, which is currently expected to take place in September 2023.

The subscriptions of new Shares by CEG, Mr. Hui and Xin Xin pursuant to the terms of the Loan Conversion Subscription Agreement and the Set-Off Agreement constitute special deals under Note 5 to Rule 25 of the Takeovers Code and require the consent of the Executive. An application will be made by the Company to the Executive for the consent to the subscriptions of new Shares by CEG, Mr. Hui and Xin Xin pursuant to the Loan Conversion Subscription Agreement and the Set-Off Agreement as special deals under Rule 25 of the Takeovers Code.

Such consent, if granted, will be subject to (i) the Independent Financial Adviser publicly stating that in its opinion the terms of the Loan Conversion Subscription Agreement, the Set-Off Agreement and the transactions contemplated thereunder (including the grant of the specific mandate and the Special Deals) are fair and reasonable; and (ii) the approval of the Loan Conversion Subscription Agreement, the Set-Off Agreement and the transactions contemplated thereunder (including the grant of the specific mandate and the Special Deals) by the Independent Shareholders by way of a poll at a general meeting of the Company.

For details of the general meeting and the circular in relation to the Loan Conversion, please refer to the Loan Conversion Announcement. As at the date of this announcement, neither the Company nor the Subscriber believes that the Share Subscription gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company and the Subscriber will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular. The Company and the Subscriber note that the Executive may not grant the Whitewash Waiver if the Share Subscription does not comply with other applicable rules and regulations.

The Executive may or may not grant the Whitewash Waiver or give consent to the Special Deals. The Share Subscription will not proceed if the Whitewash Waiver is not granted or approved or the consent to the Special Deals is not given.

BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Establishment of Independent Board Committee

Pursuant to the Listing Rules and Rule 2.8 of the Takeovers Code, the Independent Board Committee comprising Mr. GUO Jianwen and Mr. XIE Wu (both of them have no direct or indirect interest in the Share Subscription Agreement, the Proposed Transactions, the Whitewash Waiver and the Special Deals) has been formed to advise the Independent Shareholders on the terms of the Share Subscription Agreement, the Proposed Transactions, the Whitewash Waiver and the Special Deals, and as to voting. As Mr. CHAU Shing Yim David is also an independent non-executive director of CEG, he is not considered as independent for the purpose of giving advice or recommendations to the Independent Shareholders. Please also refer to the Loan Conversion Announcement in relation to the establishment of Independent Board Committee to advise on the terms of the Special Deals.

Appointment of Independent Financial Adviser

Maxa Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, has been appointed with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders on the terms of the Share Subscription Agreement, the Proposed Transactions, the Whitewash Waiver and the Special Deals and to make recommendation as to voting. Please also refer to the Loan Conversion Announcement in relation to the appointment of the Independent Financial Adviser to advise on the terms of the Special Deals.

EGM

The Company will convene the EGM to consider, if thought fit, to approve, among other things, (a) the Specific Mandate; (b) the Share Subscription Agreement and the Proposed Transactions; (c) the Whitewash Waiver; and (d) the Proposed Amendments. The Company will convene a separate general meeting to consider, if thought fit, to approve, among others, the Special Deals.

The Subscriber, its associates and parties acting in concert with it and any Shareholder who is interested in or involved in the Share Subscription Agreement, the Proposed Transactions, the Whitewash Waiver and/or the Special Deals (including CEG, Evergrande Health, Acelin, Mr. Hui, Xin Xin, Mr. SIU Shawn, Mr. LIU Yongzhuo, Mr. QIN Liyong, Ms. Ding, Good Bond and Mr. LIU Zhen) shall abstain from voting in respect of (i) the resolutions to approve the Specific Mandate, the Share Subscription Agreement, the Proposed Transactions, the Whitewash Waiver at the EGM and (ii) the resolutions to approve the Loan Conversion Subscription Agreement, the Set-Off Agreement, the transactions contemplated under the Loan Conversion Subscription Agreement and the Set-Off Agreement (including the grant of the specific mandate and the Special Deals) at a separate general meeting. As at the date of this announcement, save for CEG, Evergrande Health, Acelin, Mr. SIU Shawn, Mr. LIU Yongzhuo, Mr. QIN Liyong and Mr. LIU Zhen, no existing Shareholder has material interest in the Specific Mandate, the Share Subscription Agreement, the Proposed Transactions and the Whitewash Waiver and shall abstain from voting on the resolutions to be proposed at the EGM in relation to the granting of the Specific Mandate and the approval of the Share Subscription Agreement, the Proposed Transactions and the Whitewash Waiver.

A circular containing, among other things, (i) further details of the Specific Mandate, the Share Subscription Agreement, the Proposed Transactions, the Whitewash Waiver and the Proposed Amendments; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Share Subscription Agreement, the Proposed Transactions and the Whitewash Waiver; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Share Subscription Agreement, the Proposed Transactions and the Whitewash Waiver; and (iv) a notice of the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules and the Takeovers Code. The Company will prepare and despatch a separate circular in relation to the Special Deals to the Shareholders.

The Closing is subject to the satisfaction (or waiver, if applicable) of the conditions precedent of the Share Subscription Agreement. As the Share Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

INTRODUCTION

The Board announces that, on 14 August 2023 (after trading hours), the Company, the Subscriber, CEG and Mr. Hui entered into the Share Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, the Subscription Shares (i.e., 6,177,106,404 new Shares), resulting in the Subscriber holding approximately 27.50% of the total number of issued Shares as enlarged by the issuance of Shares upon completion of the Loan Conversion 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 Closing Date), for a total consideration of HK\$3,889,723,903 (equivalent to approximately US\$500 million), implying the Subscription Price of HK\$0.6297 per Subscription Share.

PROPOSED ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE

Share Subscription Agreement

The principal terms and conditions of the Share Subscription Agreement are set out as below.

Date

14 August 2023 (after trading hours)

Parties

- (i) the Company (as issuer);
- (ii) NWTN Inc. (as subscriber);
- (iii) CEG; and
- (iv) Mr. Hui

The Subscriber is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on NASDAQ Stock Exchange (ticker symbol: NWTN). The Subscriber is principally engaged in the development and commercialisation of premium smart passenger-centric mobility products and green energy solutions. As at the date of this announcement, save for 6,347,948,000 Shares (representing approximately 58.54% of the total number of issued Shares) held by CEG directly and indirectly through Evergrande Health and Acelin, none of the Subscriber or any person acting in concert with it owns or controls any Shares. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Subscriber and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subscription Shares

Pursuant to the Share Subscription Agreement, subject to the satisfaction (or waiver, if applicable) of the conditions precedent, the Company has agreed to allot and issue, and the Subscriber has agreed to subscribe for, 6,177,106,404 Subscription Shares at the Subscription Consideration, implying the Subscription Price of HK\$0.6297 per Subscription Share.

As at the date of this announcement, the Company has 10,843,793,000 Shares in issue. The Subscription Shares represent:

- (i) approximately 56.96% of the total number of issued Shares as at the date of this announcement; and

- (ii) approximately 27.50% of the total number of issued Shares as enlarged by the issuance of Shares upon completion of the Loan Conversion 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 this announcement to the Closing Date).

Subscription Price

The Subscription Price of HK\$0.6297 per Subscription Share:

- (i) represents a discount of approximately 62.96% to the closing price of HK\$1.70 per Share as quoted on the Stock Exchange on the date of the Share Subscription Agreement;
- (ii) represents a discount of approximately 59.42% to the average closing price of HK\$1.552 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days, up to and including the Last Trading Day;
- (iii) results in the theoretical dilution effect of approximately 28.39% on its own and approximately -8.98% when aggregated with the Loan Conversion; and
- (iv) represents a premium of HK\$7.5597 per Share over the net liabilities per Share of approximately HK\$-6.93 as at 31 December 2022 based on the Company's annual results announcement for the financial year ended 31 December 2022 and the number of Shares in issue as at the date of this announcement.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to: (i) the current shareholding of CEG and Mr. Hui in the Company, the effects of the Loan Conversion and the CEG Debt Restructuring, and the Subscriber's intention to become the single largest Shareholder after the full exchange of the MEBs; (ii) the financial position of the Company and the uncertainty of the Group's business prospects; (iii) the significance of the Share Subscription to the Company, including its needs for working capital to maintain its daily operations; (iv) the industry experience and resources to be brought in by the Subscriber as a strategic investor who will take part in the Group's daily operation and management as explained in the section headed "Reasons for and Benefits of the Share Subscription and Use of Proceeds" below; and (v) the Share Subscription is the only viable fundraising plan currently available to the Company to satisfy its imminent funding needs.

Having considered the above factors, the Directors (excluding the members of the Independent Board Committee who will form their view after considering the advice of the Independent Financial Adviser) are of the view that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, shall rank *pari passu* in all respects among themselves and with the Shares in issue.

Payment Arrangement

On the Closing Date, the Subscriber shall, or shall cause its affiliates to, deposit the funds equivalent to the Subscription Consideration less any Transaction Costs into the designated account of the Company. The Subscriber may choose to transfer part or all of the funds in the Escrow Account to the designated account of the Company in satisfaction of the payment obligations in respect of the equivalent amount of the Subscription Consideration less any Transaction Cost. To the extent permitted by the applicable laws, the Subscriber may also choose to apply the Transitional Support Amount having already been paid to the Fund Recipient to satisfy an equivalent amount of the Subscription Consideration pursuant to the Transitional Funding Support Agreement.

Conditions Precedent

The Proposed Transactions shall be subject to the satisfaction of the following conditions, unless a waiver is obtained pursuant to the Share Subscription Agreement:

- (1) the Independent Shareholders have passed resolutions in relation to the Share Subscription Agreement and the Proposed Transactions as required by the relevant laws and regulations (including the Takeovers Code and the Listing Rules) at the Company's general meeting, including, among other things, (a) the passing by way of a poll by the relevant Shareholders who are allowed to vote under the Listing Rules of resolutions (i) approving and granting the Specific Mandate to the Board to allot and issue the Subscription Shares, and (ii) approving the Proposed Transactions and the Proposed Amendments; and (b) the passing by way of a poll by the relevant Shareholders who are allowed to vote under the Takeovers Code of resolutions in relation to the Whitewash Waiver, the Proposed Transactions and the Special Deals;
- (2) CEG has obtained the approval by the board of directors of CEG in relation to the deemed disposal under Chapter 14 of the Listing Rules in respect of the Share Subscription;
- (3) the Executive has granted the Whitewash Waiver in respect of the Proposed Transactions and given the consent of the Executive in relation to the subscriptions of new Shares by CEG, Mr. Hui and Xin Xin pursuant to the Loan Conversion Subscription Agreement and the Set-Off Agreement as special deals under Rule 25 of the Takeovers Code and such Whitewash Waiver and consent are not revoked or withdrawn and any other necessary conditions (if any) attached to the Whitewash Waiver and consent having been satisfied;
- (4) the Listing Committee of the Stock Exchange has approved the listing and trading of the Subscription Shares and such listing and approval have not been revoked or withdrawn prior to the Closing Date and remain in full force and effect at the time of the Closing;
- (5) the Company and CEG have obtained all relevant authorizations, approvals and filings of all relevant government authorities and necessary approval (if required) from all relevant third parties (other than the relevant governmental or regulatory authorities referred to in the conditions precedent set out in paragraphs (3) and (4) above) in connection with the Share Subscription

Agreement and the Proposed Transactions, including the consent of the creditors under the CEG Debt Restructuring (if required), and none of such approvals has been withdrawn or revoked prior to the Closing Date;

- (6) the Subscriber has obtained the authorisations, approvals and filings of any government authority, and necessary approval (if required) from all relevant third parties in connection with the Share Subscription Agreement and the Proposed Transactions, and the approval of the board of directors or other competent internal authority of the Subscriber, and none of such approvals has been withdrawn or revoked prior to the Closing Date;
- (7) the parties to the Share Subscription Agreement and other Transaction Documents have executed and delivered to the other parties the Transaction Documents to which they are a party;
- (8) the warranties given by the Subscriber are true and accurate in all material respects and not misleading in any material respect as at the date of the Share Subscription Agreement and at the Closing;
- (9) the warranties given by the Company and CEG are true and accurate in all material respects and not misleading in any material respect as at the date of the Share Subscription Agreement and at the Closing, and all undertakings and covenants to be performed by the Company and CEG prior to the Closing Date under the applicable Transaction Documents have been performed;
- (10) the Shares remain listed on the Main Board of the Stock Exchange and continue to be available for trading during trading sessions of the Stock Exchange;
- (11) there is no order, writ, injunction or decree made by any competent court, arbitral body, government authority, regulatory body or any third party authority which remains in effect and restrains, prohibits or invalidates the Proposed Transactions, nor has any statute, rule, code or other requirement been enacted or made which remains in effect and restrains, prohibits or invalidates the Proposed Transactions;
- (12) there is no pending litigation, arbitration or any other proceeding before a court, arbitral body, or governmental agency brought by any third party seeking to restrain or prohibit the Proposed Transactions, declare the Proposed Transactions unlawful or claim material damages in connection with the Proposed Transactions, which will have substantive effect on the Proposed Transactions, and the party against whom the action, arbitration or proceeding is taken fails to properly resolve such action, arbitration or proceeding within one (1) month after the date of the Share Subscription Agreement or before such extended date as the parties may agree;
- (13) there is no existing Material Adverse Event as at the Closing Date;
- (14) the Subscriber has completed all supplementary due diligence review in relation to the business, financial, technical, legal and tax affairs of the Group and the results of such due diligence has no substantive difference from the disclosure having been made by the Company to the Subscriber under the Share Subscription Agreement;

- (15) the CEG Debt Restructuring becomes effective, including that the entire principal amount of the loans provided by CEG, Mr. Hui, Xin Xin, Ms. Ding and Good Bond (a company wholly owned by Ms. Ding) and the outstanding interest accrued on the Shareholder's loan from CEG to the Company up to and including 14 August 2023 have been converted into the Shares at a price of HK\$3.84 per Share, such that CEG has acquired not more than 4,178,284,870 new Shares, Mr. Hui and Xin Xin have acquired not more than 690,104,166 new Shares in aggregate, and Ms. Ding and Good Bond have acquired not more than 572,916,666 new Shares in aggregate, all as a result of such conversion; CEG has waived any interest as may be accrued on the outstanding principal amount of such Shareholder's loan from CEG to the Company from 15 August 2023;
- (16) the Company has entered into a binding and enforceable written framework agreement with CEG (the "**Current Payments Framework Agreement**"), which stipulates that the intra-group amounts payable by members of the Group to CEG and its subsidiaries (for illustrative purpose only, the total net balance is approximately RMB5,466,401,377) as stipulated in the Current Payments Framework Agreement shall be rolled over for a period of 10 years from the date of signing of the Current Payments Framework Agreement without interest, and that upon the expiry of the rollover term, in the event that the Company has undistributed profits at that time, the Company may, depending on its operating situation, use the remaining distributable profits after deducting the funds required for the operation of the Company and the repayment of the debts of other parties to repay the current payments payable to CEG and its subsidiaries;
- (17) the Company has communicated with relevant creditors on the debts of the Group with an aggregate principal amount not less than RMB13 billion, delivered a duly executed debt repayment plan in the form as agreed by the Subscriber and not received any negative opinion in such respect from the relevant creditors. The Group has entered into a binding and enforceable written agreement of understanding with creditors and other relevant parties (if involved) for the repayment of the Group's debts with an aggregate principal amount of not less than RMB6 billion;
- (18) the Company has provided the audited pro forma consolidated financial statements of the Group (namely the remaining Group after the Completed Divestment) as at 31 December 2022, and the net assets as set out in the pro forma statements (representing (A) the difference between the total assets and the assets for discontinued business held for sale; minus (B) the difference between the total liabilities and the liabilities for discontinued business held for sale; plus (C) the net receivable of the Group after offsetting the debt against the living projects segment and the health management segment) shall not be less than RMB-27.5 billion and the total liabilities shall not be more than RMB65 billion;
- (19) the Company has communicated in advance with the competent development and reform authorities and the competent industry and information technology authorities of Evergrande New Energy Vehicle (Tianjin) Co., Ltd. (the "**Tianjin Plant**") in respect of the Proposed Transactions and the proposed replacement or significant adjustment of the production lines of the Tianjin Plant thereafter (and the Subscriber has the right to get involved in the communication), and such authorities have not raised any objection against the aforesaid matters.

Conditions precedent (1) to (7) are not waivable. The Company may, at any time prior to the Closing, waive the condition precedent (8) above in its sole discretion by giving notice to the Subscriber. The Subscriber may, at any time prior to the Closing, waive the conditions precedent (9), (10), (13) to (19) above in its sole discretion by giving notice to the Company. Subject to the requirements of laws and regulations, the Company and the Subscriber may, at any time prior to the Closing, by written agreement jointly waive the conditions precedent (11) and (12) above.

Except as set out therein, the Company and CEG are not aware of other material pre-Closing regulatory approvals, specific authorisation, consent requirement or approval from third parties in respect of conditions precedent (5) above. The Subscriber is not aware of other material pre-Closing regulatory approvals, specific authorisation, consent requirement or approval from third parties in respect of condition precedent (6) above.

In relation to condition precedent (17), to the best knowledge of the Company, the Company does not have any ground to believe that any creditor of the debt of the Group referred to in that condition precedent is a Shareholder.

Each of the Company, CEG and the Subscriber shall use its reasonable endeavours to procure that the conditions precedent related to it are satisfied on or before the Long Stop Date and shall notify the other parties as soon as possible after it becomes aware that such conditions precedent have been satisfied (or that any such condition precedent cannot be satisfied). Subject to the provisions of the Share Subscription Agreement, if any of the conditions precedent is not satisfied (or waived, if applicable) on the Long Stop Date, being 31 December 2023, or such other date as the Company and the Subscriber may otherwise agree in writing, either the Company or the Subscriber is entitled to terminate the Share Subscription Agreement and the Share Subscription Agreement shall cease to have further force and effect. However, where the failure to satisfy any condition precedent is caused by or due to any party's failure to perform any of its obligations thereunder, that party shall not be entitled to terminate the Share Subscription Agreement, and shall bear the responsibility in respect of any claim arising from antecedent breaches of the Share Subscription Agreement. As at the date of this announcement, other than condition precedent (18), none of the conditions have been satisfied or waived.

Additional Undertakings

The Company has provided certain representations and warranties to the Subscriber and undertaken to procure that the business of the Group is operated on its normal and usual basis as carried on before the date of the Share Subscription Agreement and the Group shall not do or omit to do (or allow to be done or to be omitted to be done) any act or thing which is in breach of the Share Subscription Agreement or would lead to a breach thereof in any respect or would otherwise be material to the business of the Group, including certain agreed customary matters and an obligation on the Company (subject to compliance with the Takeovers Code and the Listing Rules) not to solicit or negotiate any acquisition proposal other than the Share Subscription.

Escrow Account

The Subscriber shall or shall procure its affiliates to deposit US\$500,000,000 within thirty (30) calendar days upon the signing of the Share Subscription Agreement into the Escrow Account. The Escrow Account shall be subject to the joint supervision of the Company and the Subscriber or their respective designated related parties. On the Closing Date or such other time as the Company and the Subscriber may otherwise agree, the Subscriber may choose to transfer part or all of the funds in the Escrow Account to the bank account of the Company used for the receipt of the Subscription Consideration in satisfaction of the payment obligations in respect of the equivalent amount of the Subscription Consideration less any Transaction Costs. Further, the Fund Provider has an option to re-deploy the funds already provided to the Fund Recipient in relation to the Transitional Support Amount to deduct an equivalent amount of the Subscription Consideration, details of which please refer to the section headed “Effect of Closing on Provision of Transitional Support Amount”.

Closing

Subject to all conditions precedent being satisfied or waived in accordance with the Share Subscription Agreement prior to the Long Stop Date, the Company will notify the Subscriber of the Closing Date at least three (3) business days prior to the Closing Date (provided, however, that if all conditions precedent are satisfied or waived in accordance with the Share Subscription Agreement less than three (3) business days prior to the Long Stop Date or on the Long Stop Date, then the Closing Date will be the fourth business day upon all conditions precedent being satisfied or waived in accordance with the Share Subscription Agreement).

Nomination of Directors and senior management

The Company, CEG and the Subscriber agree that, on the Closing Date, and to the fullest extent as in compliance with the AOA and as permitted by the Listing Rules and applicable laws, provided that the Board is comprised of five (5) Directors in total:

- (1) the Subscriber shall be entitled to nominate three (3) candidates for consideration to serve as Directors and committee members under the Board (if required) and one of whom will be nominated as the chairman of the Board;
- (2) the ad hoc committee of CEG’s offshore US\$ denominated notes (the “**AHG**”) shall be entitled to nominate one (1) candidate for consideration to serve as Director and committee member under the Board (if required); and
- (3) CEG shall be entitled to nominate one (1) candidate for consideration to serve as Director and committee member under the Board (if required).

For the avoidance of doubt, if AHG does not appoint one (1) candidate for consideration to serve as Director on the Closing Date:

- (1) the Subscriber is entitled to nominate three (3) candidates for consideration to serve as Directors and committee members under the Board and one of whom will be nominated as the chairman of the Board and two of whom will be nominated as independent non-executive Directors; and
- (2) CEG is entitled to nominate two (2) candidates for consideration to serve as Directors and committee members under the Board (if required) and one of whom will be nominated as independent non-executive Director.

If the Board is comprised of more than five (5) Directors in total on the Closing Date, the numbers of Directors that the Subscriber, AHG and CEG are entitled to nominate shall be increased on a pro rata basis and the Directors nominated by the Subscriber shall comprise a majority of the Board. In the event that a nominated Director resigns or vacates office after appointment, the Subscriber, AHG and CEG shall be entitled to immediately nominate, by repeating the above procedures, any other person as the Subscriber, AHG and CEG may from time to time determine for consideration to serve as a Director.

The Company, CEG and the Subscriber agree that, on the Closing Date, and to the fullest extent as in compliance with the AOA and as permitted by the Listing Rules and applicable laws, shall use their best endeavours to procure that the persons nominated by the Subscriber shall serve as the Company's chief financial officer, vice president and other members of the senior management of similar rank. Further, the employment and dismissal of the chief human resources officer of the Company shall be subject to the consent of the Subscriber.

Subject to the applicable laws and the service contracts entered into between the Company or its affiliates with the core management team, the parties to the Share Subscription Agreement will maintain the stability of the composition of the core management team of the Company after the Closing according to the business development needs.

Termination

The Subscriber may terminate the Share Subscription Agreement if any of the following takes place between the entering into of the Share Subscription Agreement and the Closing:

- (1) the Company has breached the provisions of the Share Subscription Agreement and (to the extent that the breach is remediable) the Company has not ceased the breach and implemented remedial measures to eliminate the impact of the breach within 10 business days after the Subscriber gives written notice to the Company;
- (2) an Material Adverse Event occurs and there is no possibility that the impact of such event will be eliminated by the Long Stop Date;

- (3) the commercial banking activities of Hong Kong are suspended in its entirety, and the securities clearance or settlement services in Hong Kong are materially interfered, and there is no possibility of resuming such activities and services by the Long Stop Date (except for Saturdays, Sundays, non-trading days of the Stock Exchange, public holidays or any suspension due to weather);
- (4) Hong Kong has imposed foreign exchange restriction against the Subscriber and/or the Company and such restriction causes the Subscriber not being able to complete the fund transfer as contemplated under the Share Subscription Agreement; and
- (5) any material qualification, permit, approval, licence or filing relating to the Group's new energy vehicle business is invalidated, terminated, cancelled or revoked, or is not extended upon expiry, and such invalidation, termination, cancellation, revocation or non-extension affects the substantive operation of the Group.

Undertakings by CEG and Mr. Hui

CEG and Mr. Hui (collectively, the “**Indemnifiers**”) have undertaken to the Company and the Subscriber that:

- (1) if National Electric Vehicle Sweden AB (a subsidiary of the Company) and its subsidiaries incur any expenses or liabilities other than ordinary operating costs after the Closing, the Indemnifiers shall indemnify the members of the Group (excluding National Electric Vehicle Sweden AB and its subsidiaries), the Company and/or the Subscriber against the increase in expenses or liabilities of the members of the Group arising therefrom, or any losses suffered by the Company and/or the Subscriber as a result thereof;
- (2) where the members of the Group are held liable for breach of contract or are required to undertake other legal responsibilities by the local governmental authorities or the parties to agreement (excluding the supplier) as a result of the following matters, the Indemnifiers shall indemnify the members of the Group, the Company and/or the Subscriber against the increase in expenses or liabilities of the members of the Group arising therefrom, or any losses suffered by the Company and/or the Subscriber as a result thereof: (a) the members of the Group fail to sufficiently perform the obligations under the agreements in relation to the development and construction of the new energy vehicle, battery or power projects located in Shanghai and Tianjin (including but not limited to the construction of the plants) prior to the Closing Date, including but not limited to investment agreements, land grant contracts, etc., or (b) the members of the Group fail to perform or sufficiently perform the obligations under the agreements in relation to the development and construction of the new energy vehicle, battery or power projects located in areas other than Shanghai and Tianjin (including but not limited to the construction of the plants) prior to and subsequent to the Closing Date (including but not limited to investment agreements, land grant contracts, etc.), excluding the increase in expenses, liabilities or losses as a result of the non-performance or insufficient performance of such obligations which is caused by and only by the act, action or omission of the Board under the control of the Subscriber or any person appointed by the Subscriber without reasonable grounds after the Closing Date;

- (3) any capital replenishment requirement arising from the Group's failure to divest the project in respect of ensuring the delivery of two property development projects in Guangxi province and Tianjin municipality respectively to CEG shall be replenished by the Indemnifiers;
- (4) save as disclosed pursuant to the Share Subscription Agreement, if there is any other undisclosed indebtedness of the Group (regardless of whether such indebtedness has been incurred on or prior to the Closing Date or is to be incurred after the Closing Date), the Indemnifiers shall indemnify the members of the Group, the Company and/or the Subscriber against the increase in expenses or liabilities of the members of the Group arising therefrom, or any losses suffered by the Company and/or the Subscriber as a result thereof; and
- (5) in the event of any taxes arising from the Completed Divestment, the Indemnifiers shall indemnify the Subscriber against the losses suffered by the Subscriber as a result thereof.

In respect of the obligations of CEG under this undertaking only, the indemnification or the replenishment as set out in items (1) to (5) above shall be made only to the extent that such indemnification or replenishment (and any act or action, or any omission of CEG, in connection with such indemnification or replenishment) does not, under any circumstances, result in or trigger a default of CEG Offshore Debts, for the avoidance of doubt, except for the exclusion of debt defaults as all set out in the terms of CEG Offshore Debts (whether set out as at the date of the Share Subscription Agreement or subsequently excluded through obtaining necessary consents from the necessary creditors).

Deed on Voting Control

On 14 August 2023 (after trading hours), CEG and Mr. Hui delivered to the Subscriber the Deed on Voting Control duly executed by CEG and Mr. Hui, and the Subscriber delivered to CEG and Mr. Hui the Deed on Voting Control duly executed by the Subscriber. The Deed on Voting Control is effective from the Closing Date. The principal terms of the Deed on Voting Control are as follows:

Exercise of Shareholder Rights

- (1) CEG and/or Mr. Hui shall refrain from exercising their Shareholder rights (or take any other actions) if such exercise of rights or actions would reasonably have the effect of overruling, interfering with or impairing any Board Decision and its implementation, provided that such Board Decision does not involve any manifest dereliction of duties imposed on the Directors by the applicable laws and the AOA.
- (2) CEG and/or Mr. Hui, each as a Shareholder, shall use all necessary and commercially reasonable endeavours to exercise their Shareholder rights under their control in support of a Board Decision. For the avoidance of doubt, the Deed on Voting Control does not restrict CEG and/or Mr. Hui from exercising their Shareholder rights provided that such exercise of Shareholder rights is not expressly or implicitly inconsistent with any Board Decision made by the Board from time to time.

- (3) The obligations of CEG and/or Mr. Hui to refrain from exercising their Shareholder rights and support the Board Decisions as referred to above do not apply to the Exclusive Matters, and apply only to the extent that (i) the Directors have not breached their fiduciary duties under the applicable laws or exercised powers in excess of those conferred on them by the AOA, applicable laws and the general meeting of the Company; and (ii) the committee members authorised by the Board have not exercised powers in excess of those duly delegated to them. In relation to the Exclusive Matters, the Deed on Voting Control does not restrict any party from exercising the voting rights in respect of the Shares beneficially owned by it.

For the purpose of the Deed on Voting Control:

- (a) “**Board Decision**” means the resolution duly approved by the Board in accordance with the AOA and applicable laws or other decision made from time to time by the committee duly authorised by the Board;
- (b) “**Exclusive Matters**” means the resolutions or decisions of the Company which are required to be put to voting by the Shareholders at the general meetings from time to time in accordance with the AOA and applicable laws, but excluding resolutions with respect to the appointment of the Board members as agreed in the Share Subscription Agreement and the Deed on Voting Control, and excluding resolutions with respect to any amendment to the AOA relating to the power of appointment of Board members; and
- (c) “**applicable laws**” means in respect of an event or matter, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Listing Rules, the Takeovers Code and applicable laws applicable to such event or matter.

Transfer of Shares

If CEG and/or Mr. Hui intend to, within a period of two years from the Closing Date (including the date of expiry of two years) (the “**Initial Two-Year Period**”), transfer (other than the transfer to a subsidiary of CEG and/or a company controlled by Mr. Hui) the Shares beneficially owned and controlled by it/him (the “**Proposed Transferred Shares**”) directly or indirectly or by any means, the written consent of the Subscriber shall be obtained and the Subscriber shall have the right of first refusal to purchase such Shares (the “**Right of First Refusal**”). If CEG and/or Mr. Hui intend to, after the expiry of the Initial Two-Year Period, transfer (other than the transfer to a subsidiary of CEG and/or a company controlled by Mr. Hui) the Proposed Transferred Shares, the Subscriber shall have the Right of First Refusal and right (but not the obligation) to require co-sale of the Shares held by it (the “**Tag-along Right**”).

If CEG and/or Mr. Hui intend to sell or transfer the Shares beneficially owned and controlled by it/him, or have received an offer to purchase the Proposed Transferred Shares and propose to accept such offer, CEG and/or Mr. Hui must give a written notice (the “**Transfer Notice**”) to the Subscriber.

Upon the Subscriber's receipt of the Transfer Notice, the Subscriber is entitled to give written notice within seven working days (or such other time as the parties thereto may agree) to CEG and/or Mr. Hui in accordance with the provisions of the Share Subscription Agreement, (i) to indicate in writing whether to agree and decide whether to exercise the Right of First Refusal, if within the Initial Two-Year Period, (ii) to decide whether to exercise the Right of First Refusal or the Tag-along Right, if after the expiry of the Initial Two-Year Period. If the Subscriber exercises the Right of First Refusal, it shall acquire all (not part) of the Proposed Transferred Shares at such price and on such terms no less favourable to CEG and/or Mr. Hui in all material respects than those offered by the proposed transferee as set out in the Transfer Notice.

If the Subscriber exercises the Tag-along Right, the Subscriber shall have the right to request the sale of the Shares held by the Subscriber to the proposed transferee in proportion to the relative shareholdings of the Subscriber and CEG and/or Mr. Hui and their Affiliates in the Company at that time, at such price and on such terms no less favourable to the Subscriber in all material respects than those offered by the proposed transferee as set out in the Transfer Notice. The Subscriber, CEG and Mr. Hui have acknowledged that any transfer of the Proposed Transferred Shares shall comply with applicable laws.

Appointment of Directors and Management

CEG and/or Mr. Hui have undertaken that they will, to the extent permitted by applicable laws, comply with the arrangements in the Share Subscription Agreement in relation to the proportion of the number of Directors that the Subscriber is entitled to nominate pursuant to the Share Subscription Agreement; and the Subscriber has undertaken that it will comply with the arrangements in the Share Subscription Agreement in relation to the proportion of the number of Directors that CEG and/or Mr. Hui are entitled to nominate pursuant to the Share Subscription Agreement.

The parties also agree that the chairman of the Board appointed by the Subscriber is entitled to have a second or casting vote in the event of equality of affirmative and dissenting votes by the Board. Nevertheless, with respect to matters in relation to share capital, cessation of business, dividends, Board seats or any agreement, arrangement or understanding as may be entered into between the Group and the Subscriber or its Affiliate(s) (the "**Reserved Matters**"), the Subscriber, CEG and Mr. Hui shall separately discuss, and the Subscriber has undertaken to procure the chairman nominated by it not to use the second vote or casting vote on any of the Reserved Matters.

For the purpose of the Deed on Voting Control, "**Affiliate**" means, with respect to any person, any other person who controls, or is controlled by or under common control with such person, in each case either directly or indirectly.

Effective Date and Termination

CEG, Mr. Hui and the Subscriber agree that the Deed on Voting Control shall take effect on the Closing Date and be terminated upon occurrence of any of the following:

- (1) CEG, Mr. Hui and their respective Affiliates cease to hold or beneficially own an aggregate of 5% or more of the total number of issued Shares from time to time;
- (2) the Subscriber and its Affiliate(s) cease to hold or beneficially own 5% or more of the total number of issued Shares from time to time or cease to be the single largest Shareholder (or group of Shareholders) of the Company, whichever is earlier;
- (3) the Share Subscription Agreement is terminated before the Closing Date pursuant to its terms; and
- (4) CEG, Mr. Hui and the Subscriber agree unanimously in writing to terminate the Deed on Voting Control.

Transitional Funding Support Agreement

To support business recovery and growth of the Group, on 14 August 2023 (after trading hours), the Fund Provider and the Fund Recipient entered into the Transitional Funding Support Agreement, pursuant to which the Fund Provider shall, subject to the satisfaction of conditions precedent in that agreement, provide an interest-free secured transitional funding in the amount of RMB600 million in three equal tranches to the Fund Recipient for the research and development, manufacturing of and sales services in respect of vehicles of the Group.

Schedule of provision of the Transitional Support Amount

Subject to the terms of the Transitional Funding Support Agreement:

- (1) the first tranche of the Transitional Support Amount of RMB200 million shall be paid within five (5) working days after the date of the Transitional Funding Support Agreement;
- (2) the second tranche of the Transitional Support Amount of RMB200 million shall be paid within forty (40) working days after the date of the payment of the first tranche of the Transitional Support Amount; and
- (3) the third tranche of the Transitional Support Amount of RMB200 million shall be paid within fifteen (15) working days after the date of the payment of the second tranche of the Transitional Support Amount.

Conditions precedent to the provision of the Transitional Support Amount

The provision of each of the three tranches of the Transitional Support Amount is subject to the satisfaction or waiver by the Fund Provider of the following conditions:

- (1) the Transitional Funding Support Agreement, the collateral agreements to be entered into among the subsidiaries of the Company as security provider, the Fund Provider and the Fund Recipient referred to in the Transitional Funding Support Agreement and such EV Purchase Orders (the “**Funding Support Related Documents**”) have been duly signed and delivered to the Fund Provider; the Fund Provider and the Fund Recipient and/or their respective related parties have obtained all necessary authorisations, approvals, filings and third party consent in respect of the completion of the transactions contemplated under the Funding Support Related Documents;
- (2) save as disclosed under the Share Subscription Agreement, no event has happened or is expected to happen which may result in material adverse change in respect of the operation, assets or other aspects of the companies in the Group or which may affect the performance of obligations of the Fund Recipient under the Funding Support Related Documents;
- (3) the Fund Recipient and/or its related party (if applicable) have completed the relevant registration and filing procedures with respect to the mortgage and pledge of all the required collateral under the Transitional Funding Supporting Agreement to the Fund Provider and have provided the Fund Provider with the documents evidencing the completion of such registration and filing procedures;
- (4) the representations and warranties made by the Fund Recipient and/or its related parties and the Company under the relevant provisions of the Funding Support Related Documents and the Share Subscription Agreement remain true, complete, correct in all material respects and not misleading; and the Fund Recipient and/or its related parties (if applicable) have not committed material breach of any of its obligations and undertakings under the Funding Support Related Documents, and all the undertakings and agreements due to be performed by the Fund Recipient and/or its related parties (if applicable) under the Funding Support Related Documents have been performed and no default is expected to happen;
- (5) no law has been made, promulgated or enacted by any competent court, arbitral body, government authority, regulatory body or any third party authority which remains in effect and restrains, prohibits or invalidates the transactions contemplated under the Funding Support Related Documents; there is no pending litigation, arbitration or any other proceeding before the aforesaid authorities brought by any third party seeking to claim material damages in connection with the above transactions, which will have substantive effect on such transactions; and
- (6) the Fund Provider has received the confirmation from the Fund Recipient that the above conditions precedent have been satisfied.

The provision of the second tranche and the third tranche of the Transitional Support Amount is subject to the Closing not having taken place by the relevant due date of payment as specified in “Transitional Funding Support Agreement — Schedule of provision of the Transitional Support Amount” in this

section and the Fund Provider and the Fund Recipient reasonably recognise that no matter or circumstance exists which would cause any of the conditions precedent of the Share Subscription Agreement not expected to be satisfied.

Effect of Closing on Provision of Transitional Support Amount

If the Closing takes place prior to the provision of second tranche and/or third tranche of the Transitional Support Amount, the Fund Provider is not required to provide the second tranche and/or the third tranche of the Transitional Support Amount and the Fund Provider shall, to the extent permitted by the applicable laws, have the option to use the funds provided by the Fund Provider to the Fund Recipient under the Transitional Funding Support Agreement to deduct the Subscription Consideration with the same amount or to require the Fund Recipient to repay such Transitional Support amount having been provided by the Fund Provider to the Fund Recipient. For the avoidance of doubt, if the Closing takes place after the provision of all three tranches of the Transitional Support Amount, the Subscription Consideration payable by the Subscriber shall be deducted by RMB600 million.

In the event that the Share Subscription is not completed, the Fund Provider shall be entitled to choose one or more of the followings: (i) to require the Transitional Support Amount provided to be converted into the Shares or shares of the Company's affiliates, subject to any applicable laws and regulations; (ii) to require the Fund Recipient to return all the Transitional Support Amount provided or (iii) to dispose of or require the Fund Recipient to dispose of all the collaterals listed in the interest-free Transitional Funding Support Agreement for the repayment of the Transitional Support Amount provided.

Acceleration of Repayment

Subject to the terms and conditions of the Transitional Funding Support Agreement, the Fund Provider may, upon or after the occurrence of any of the following events, give notice to the Fund Recipient to demand for repayment:

- (1) the termination of the Share Subscription Agreement, the substantive breach of the Share Subscription Agreement by the Company or CEG, the non-completion of the CEG Debt Restructuring, or the default of the offshore debt by CEG;
- (2) the unauthorised use of the Transitional Support Amount or material breach of the Funding Support Related Documents;
- (3) save as disclosed under the Share Subscription Agreement, any shares or interests of the Fund Recipient are seized, frozen, detained, enforced, expropriated, confiscated or otherwise subject to other similar measures; the Fund Recipient or its legal representative, primary responsible person or actual controller engages in illegal activities, or involves major litigation, arbitration or administrative procedures, resulting in the Fund Recipient may not be able to perform its repayment obligations;

- (4) any suspension and/or cessation of production or business, dissolution, liquidation, bankruptcy, reorganisation, reconciliation, rectification, deregistration, revocation of business license of the Fund Recipient or similar legal proceedings; the change, death, disappearance, declared death, declared disappearance, loss of contact, and loss of civil capacity (in whole or in part) of the actual controller of the Fund Recipient; or
- (5) the breach of any other agreement to which the Fund Recipient is a party, which results in material adverse effect on the operation of the Fund Recipient or the recovery of the Transitional Support Amount provided.

SPECIFIC MANDATE FOR THE ISSUE OF SUBSCRIPTION SHARES

The Subscription Shares shall be allotted and issued subject to the Specific Mandate approved by the Shareholders at the EGM by way of an ordinary resolution.

APPLICATION FOR LISTING

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

PROPOSED CHANGE TO THE BOARD COMPOSITION

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. SIU Shawn, Mr. LIU Yongzhuo and Mr. QIN Liyong; and three independent non-executive Directors, namely Mr. CHAU Shing Yim David, Mr. GUO Jianwen and Mr. XIE Wu.

It is intended that three candidates will be nominated by the Subscriber for appointment as new Directors on the basis that the Board shall comprise five Directors in total. The composition of the Board (i.e., the number of executive Directors, non-executive Directors (if any) or independent non-executive Directors) and the composition of the committees of the Board will be provided and confirmed by the Subscriber after Closing. The nomination committee of the Company and the Board will consider the suitability, and the Board will approve the appointment, of the candidates nominated by the Subscriber with reference to all relevant factors and in compliance with the AOA, the terms of reference of the nomination committee and the Listing Rules. For the purpose of optimising corporate governance of the Company, the Subscriber may propose other Board compositions pursuant to the provisions of the AOA.

Details of the proposed change of the Board composition and biographical information of new Directors to be appointed will be further announced by the Company as and when appropriate in accordance with the Takeovers Code and the Listing Rules.

INFORMATION ON THE SUBSCRIBER

The Subscriber is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on NASDAQ Stock Exchange (ticker symbol: NWTN). The Subscriber is principally engaged in the development and commercialisation of premium smart passenger-centric mobility products and green energy solutions. As at the date of this announcement, Mr. Alan Nan WU is indirectly holding 76.98% of voting rights of the Subscriber.

INFORMATION ON THE COMPANY AND THE GROUP

The Company is a company incorporated in Hong Kong with limited liability. The Group is principally engaged in technology research and development and manufacturing of, and sales services in respect of new energy vehicles.

INFORMATION ON CEG AND MR. HUI

CEG is a company incorporated in the Cayman Islands with limited liability. CEG and its subsidiaries are a conglomerate principally engaged in property development, property investment, property management, new energy vehicle development and production and cultural tourism business in the PRC. As at the date of this announcement, CEG is the controlling shareholder of the Company, holding approximately 58.54% of the total number of issued Shares and is therefore a connected person of the Company. The directors of CEG are Mr. Hui, Mr. SIU Shawn, Mr. SHI Junping, Mr. LIU Zhen, Mr. QIAN Cheng, Mr. LIANG Senlin, Mr. CHAU Shing Yim, David, Mr. HE Qi and Ms. XIE Hongxi. As at the date of this announcement, Mr. Hui (through CEG), Mr. SIU Shawn and Mr. LIU Zhen hold 6,347,948,000 Shares, 4,600,000 Shares and 150,000 Shares respectively. Mr. Hui, Mr. SIU and Mr. LIU shall abstain from voting in respect of (i) the resolutions to approve the Specific Mandate, the Share Subscription Agreement, the Proposed Transactions and/or the Whitewash Waiver at the EGM and (ii) the resolutions to approve the Loan Conversion Subscription Agreement, the Set-Off Agreement, the transactions contemplated under the Loan Conversion Subscription Agreement and the Set-Off Agreement (including the grant of the specific mandate and the Special Deals) at a separate general meeting.

Mr. Hui is the controlling shareholder and an executive director of CEG. As at the date of this announcement, he holds approximately 59.78% of the total number of issued shares of CEG.

LOAN CONVERSION AND ARRANGEMENTS OF MEBS AND SLNS

In respect of the MEBs

The following Shares will be deposited into a custody account and used as Exchange Property: (i) 3,094,810,100 existing Shares held by CEG; (ii) 2,545,893,160 new Shares to be issued to CEG pursuant to the Loan Conversion; and (iii) 690,104,166 new Shares to be issued to Mr. Hui and Xin Xin pursuant to the Loan Conversion.

Subject to the terms of the MEBs, each holder of the MEBs has the right to require CEG to exchange all or any of its MEBs at any time during the exchange period for, a pro rata share of the Exchange Property as at the relevant exchange date, provided that for any calendar month, the maximum aggregate principal amount of MEBs that can be exchanged shall be one-third (1/3) of the total issued principal amount of the MEBs, which shall be allocated among holders on a first-come-first-served basis.

The outstanding principal amount of the MEBs shall be mandatorily exchanged into Shares at maturity, which is 24 months from the earlier of the effective date of the CEG Debt Restructuring or 1 October 2023. In addition, if an event of default as set out in the terms of the MEBs occurs and is continuing, the trustee at its discretion may, and if so requested in writing by holders of MEBs of at least 25% in aggregate principal amount of the MEBs then outstanding or if so directed by an extraordinary resolution shall give written notice to the Company declaring that all outstanding MEBs shall be immediately and mandatorily exchanged into the Shares pursuant to the terms and conditions of the MEBs.

In respect of the SLNs

The following Shares will be deposited into custody accounts (the “**SLNs Custody Accounts**”) for the benefit of the SLNs: (i) 3,253,137,900 existing Shares held by CEG; and (ii) 1,632,391,710 new Shares to be issued to CEG under the Loan Conversion.

Subject to the terms of the relevant indentures governing the SLNs, the Shares in the SLNs Custody Accounts may be released for sale to a strategic investor without prior consultation or approval from the trustee, collateral agent or any noteholder so long as the net sale proceeds of such sale (x) are not lower than the redemption of the SLNs at par plus accrued and unpaid interest, if any, to (but not including) the repurchase or redemption date and (y) are used to repurchase or redeem the SLNs in accordance with the indentures.

Subject to the relevant indentures governing the SLNs, the Shares in a SLNs Custody Account shall become enforceable upon the occurrence and continuance of certain triggering events, for example events of default as a result of failure to pay principal of (or premium, if any, on) the SLNs when the same becomes due and payable at maturity or upon redemption in accordance with the indenture, or failure to pay interest on such SLNs after the end of the grace period, or failure to apply the net cash proceeds from the sale of such Shares to redeem such SLNs.

Prior to the occurrence of any enforcement trigger, the trustee shall have joint signatory rights with CEG in relation to any release, withdrawal or transfer from, and any closure of, the SLNs Custody Accounts by issuing a joint instruction to the account bank. CEG shall not release, withdraw or transfer from the SLNs Custody Accounts except in circumstances permitted under the indenture.

Upon the occurrence of any enforcement trigger, CEG shall immediately cease to have any rights with respect to the operation of the SLNs Custody Accounts and the trustee shall have the right to deliver a notice of control to the account bank and shall have sole signatory rights in relation to any release, withdrawal or transfer from, and any closure of, the SLNs Custody Accounts, without any need for the signatory of CEG to co-sign.

INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

As at the date of this announcement, the Subscriber confirms that:

1. save for 6,347,948,000 Shares held by CEG as at the date of this announcement, none of the Subscriber or any person acting in concert with it owns or has control or direction over any voting right in or rights over any Shares or any convertible securities, warrants or options in respect of the Shares, or any outstanding derivatives in respect of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
2. save for the Share Subscription Agreement, the Deed on Voting Control and the Loan Conversion, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares or shares of the Subscriber which might be material to the Proposed Transactions and the Whitewash Waiver as referred to in Note 8 to Rule 22 of the Takeovers Code; nor is there any agreements or arrangements to which the Subscriber or any person acting in concert with it is a party which relate to the circumstances that the Subscriber may or may not invoke or seek to invoke a condition precedent to the Proposed Transactions and/or the Whitewash Waiver;
3. none of the Subscriber and any person acting in concert with it has received an irrevocable commitment to vote for or against the resolutions relating to the Share Subscription Agreement, the Proposed Transactions, the Whitewash Waiver and/or the Special Deals;
4. none of the Subscriber and any person acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
5. save for the Loan Conversion and the entering into of the Share Subscription Agreement and the Deed on Voting Control, none of the Subscriber and any person acting in concert with it had acquired voting rights in the Company in the period commencing from the date six months prior to the date of this announcement and up to and including the date of this announcement;
6. save for the Subscription Consideration and the Transitional Support Amount, none of the Subscriber and any person acting in concert with it pays or will pay other consideration, compensation or benefit of any kind to the Company in relation to the Share Subscription;
7. none of the Subscriber and any person acting in concert with it has entered into any understandings, arrangements, agreements (as defined in Rule 25 of the Takeovers Code) with any Shareholder which constitute a special deal; and

8. save for the Loan Conversion by CEG, Mr. Hui and Xin Xin pursuant to the terms of the Loan Conversion Subscription Agreement and the Set-Off Agreement, none of the Company, its subsidiaries and associated companies has entered into any understandings, arrangements, agreements with any Shareholder which constitute a special deal.

REASONS FOR AND BENEFITS OF THE SHARE SUBSCRIPTION AND USE OF PROCEEDS

The Group is currently experiencing tight cash flow position but is still striving to sustain its operations. The Group will face the risk of discontinuation of business without access to a new round of significant funding. In order to maintain operations and continue with its vehicle delivery schedule, the Group needs new funding support. The Proposed Transactions are an important initiative for the Group to develop its new energy vehicle business and improve its financial performance. The Subscriber, as a strategic investor, will also bring its business and operational support and management expertise to the Group.

From business perspective

With the growing maturity of new energy vehicle platforms and technologies in key areas and the continuous advancement of infrastructure development, consumers' readiness to take up new energy vehicles is increasing. In recent years, new energy vehicles have gradually become popular in the PRC and the global market, and the penetration rate continues to rise. The Company and the Subscriber share faith and confidence in the prospects of the global market for new energy vehicles. The Company owns a manufacturing plant in Tianjin with a designed production capacity of 50,000 vehicles per year and holds the requisite EV manufacturing licenses. The Hengchi 5 entered mass production at such Tianjin Plant in the PRC in September 2022, and by the end of May 2023, more than 1,000 units of Hengchi 5 have been delivered in aggregate. The Hengchi 5 is a highly competitive comprehensive product in terms of power system, intelligent driving and handling, and the proposed launch of other Hengchi series sport utility vehicles (SUV) and sedan will further enrich the product matrix of the Company in the future. Based on the foregoing, the Company and the Subscriber are confident in the future product competitiveness of Hengchi series.

Meanwhile, the Subscriber is a pioneering green energy company listed on the NASDAQ, providing "passenger-centric" premium electric vehicle products and green energy solutions to customers worldwide. By leveraging on the existing vehicle platform of the Company, the Subscriber could greatly reduce its time to market, lower the risk associated with the business execution of the development of production-ready smart EV products and benefit from the Group's local expertise. The Company believes that Hengchi products and the planned Ada and Muse series models of the Subscriber are highly complementary to each other, which enables the Company and the Subscriber to meet the diverse needs of consumers and further expand the Company's share in the global new energy vehicle market.

From operational perspective

The Company believes that the advanced modern production line and scientific enterprise management mode of Hengchi Vehicle's Tianjin Plant will provide a solid production foundation which will leverage the Subscriber's technical advantages, build high-quality new energy vehicles, and enter the mainstream of new energy vehicles in the world. The Company will be able to leverage on the Subscriber's existing marketing resources and distribution channels to bring forth its latest smart EV business to a higher standard and broaden its reach to more potential users, resulting in business synergies. The Subscriber possesses core technological capabilities in terms of vehicle manufacturing, chassis architecture, intelligent connectivity, batteries and autonomous driving and could bring this to the Company.

From management perspective

The Subscriber's team of senior management are well versed in various key areas in the industry and are expected to bring in global perspective, including but not limited to client and product solutions, supply chain management and marketing. The Subscriber expects to share its experience with the Group to further enhance the Group's capability of becoming a front-runner in EV development and production. The Subscriber, as a NASDAQ listing company, will nominate Directors and senior management who are experienced in the automotive industry and also bring in its corporate governance experience to reinforce the Group's corporate governance.

Through the Proposed Transactions, the Subscriber plans to collaborate with the Company to help the Company to transform into a leading EV automaker and bring forth its smart EVs to a wider range of audiences, especially a new group of clientele from the international market. It would also integrate the Company's existing manufacturing capabilities with the Subscriber research and development capabilities, with an aim to creating meaningful synergies for both parties.

Use of proceeds

The Company intends to use the net proceeds from the Share Subscription for the research and development, manufacturing of and sales services in respect of vehicles of the Group and repayment of the Transitional Support Amount. The gross proceeds and net proceeds (after deducting the expenses arising from the Proposed Transactions of the Company (including the entire Transaction Costs) from the Share Subscription are expected to be approximately HK\$3,889,723,903 and HK\$3,825,302,800, respectively.

Having considered the above factors, the Directors (excluding the members of the Independent Board Committee who will form their view after considering the advice of the Independent Financial Adviser) are of the view that the terms of the Share Subscription Agreement and the Proposed Transactions are fair and reasonable and the Proposed Transactions are on normal commercial terms, in the interests of the Company and the Shareholders as a whole.

PROPOSED AMENDMENTS TO THE AOA

In connection with the Share Subscription, the Company proposes to amend the AOA to further enhance the corporate governance of the Board. The amendments to the AOA are set out below and will be contained in the circular to be despatched to the Shareholders. The amendments to the AOA are conditional upon the approval of the Specific Mandate, the Share Subscription Agreement, the Proposed Transactions, the Whitewash Waiver and the Proposed Amendments at the EGM and will take effect upon Closing.

| Item | Existing Provisions of the Articles of Association | Proposed Amendments to the Articles of Association |
|------|---|--|
| 1. | <p><u>Article 101 Quorum</u></p> <p>The quorum necessary for the transaction of the business of the Board may be fixed by the Board and unless so fixed at any other number, two Directors shall be a quorum.</p> | <p><u>Article 101 Quorum</u></p> <p>The quorum necessary for the transaction of the business of the Board may be fixed by the Board and unless so fixed at any other number, <u>either four two Directors or the Chairman of the Board (or his alternate Director) together with three other Directors</u> shall be a quorum.</p> |
| 2. | <p><u>Article 104 Voting</u></p> <p>Subject to Article 95, question arising at any Board meeting shall be determined by a majority of votes. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote.</p> | <p><u>Article 104 Voting</u></p> <p>Subject to Article 95, question arising at any Board meeting shall be determined by a majority of votes. In the case of an equality of votes, <u>the Chairman of the Board (or his alternate Director)</u> the chairman of the meeting shall have a second or casting vote.</p> |

FUND-RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

Save for the Loan Conversion, the Company has not carried out any fund raising activities for the 12 months immediately before the date of this announcement. Please refer to the Loan Conversion Announcement for the details of the funds raised on the Loan Conversion and the intended use of the net proceeds from the Loan Conversion.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

For illustrative purpose only, the summary of shareholding structures of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Loan Conversion; (iii) immediately after the Closing; and (iv) immediately after the full exchange of the MEBs into the Shares is set out below.

The following shareholding structure is prepared based on the assumption that (i) the Share Subscription is conditional upon the completion of the Loan Conversion, and the taking effect of the CEG Debt Restructuring; (ii) a portion of the new Shares to be issued to CEG as a result of the Loan Conversion will be deposited into the custody accounts under the SLNs, while the remaining portion of new Shares to be issued to CEG and all new Shares to be issued to Mr. Hui and Xin Xin will be deposited into the custody account under the MEBs; (iii) the MEBs will not be exchanged for Shares on or before the Closing; (iv) the MEBs will be fully exchanged in accordance with its terms and conditions and the exchange of MEBs do not result in any holder becoming a substantial shareholder of the Company; (v) no enforcement event happens which will trigger the transfer of the Shares deposited in the custody accounts under the SLNs; and (vi) save for the Shares issued as a result of the Loan Conversion and the Subscription Shares, the total number of issued Shares does not change from the date of this announcement to the full exchange of the MEBs.

| | As at the date of this Announcement | | Immediately after completion of the Loan Conversion | | Immediately after the Closing | | Immediately after the full exchange of the MEBs into the Shares | |
|--|--|----------------------------|--|----------------------------|----------------------------------|----------------------------|---|----------------------------|
| | Number of Shares | Approximate Note 1 % | Number of Shares | Approximate Note 1 % | Number of Shares | Approximate Note 1 % | Number of Shares | Approximate Note 1 % |
| CEG ^{Note 2} | 6,347,948,000 | 58.54 | 10,526,232,870 ^{Note 3} | 64.64 | 10,526,232,870 ^{Note 3} | 46.86 | 4,885,529,610 ^{Note 9} | 21.75 |
| The Subscriber | — | — | — | — | 6,177,106,404 | 27.50 | 6,177,106,404 | 27.50 |
| Mr. Hui (other than through CEG) ^{Note 4} | — | — | 690,104,166 | 4.24 | 690,104,166 | 3.07 | — | — |
| <i>Sub-total of the Subscriber and parties acting in concert with it</i> | <u>6,347,948,000</u> | <u>58.54</u> | <u>11,216,337,036</u> | <u>68.88</u> | <u>17,393,443,440</u> | <u>77.43</u> | <u>11,062,636,014</u> | <u>49.25</u> |
| SIU Shawn, a Director ^{Note 5} | 4,600,000 | 0.04 | 4,600,000 | 0.03 | 4,600,000 | 0.02 | 4,600,000 | 0.02 |
| LIU Yongzhuo, a Director ^{Note 5} | 1,653,500 | 0.02 | 1,653,500 | 0.01 | 1,653,500 | 0.01 | 1,653,500 | 0.01 |
| QIN Liyong, a Director ^{Note 5} | 1,386,000 | 0.01 | 1,386,000 | 0.01 | 1,386,000 | 0.01 | 1,386,000 | 0.01 |
| <i>Sub-total of non-public Shareholders</i> | <u>6,355,587,500</u> | <u>58.61</u> | <u>11,223,976,536</u> | <u>68.92</u> | <u>17,401,082,940</u> | <u>77.47</u> | <u>11,070,275,514</u> | <u>49.28</u> |
| Ms. Ding ^{Note 6} | — | — | 572,916,666 | 3.52 | 572,916,666 | 2.55 | 572,916,666 | 2.55 |
| Creditors of CEG ^{Note 7} | — | — | — | — | — | — | 6,330,807,426 | 28.18 |
| Mr. LIU Zhen ^{Note 8} | 150,000 | 0.00 | 150,000 | 0.00 | 150,000 | 0.00 | 150,000 | 0.00 |
| Other public Shareholders | 4,488,055,500 | 41.39 | 4,488,055,500 | 27.56 | 4,488,055,500 | 19.98 | 4,488,055,500 | 19.98 |
| <i>Sub-total of public Shareholders</i> | <u>4,488,205,500</u> | <u>41.39</u> | <u>5,061,122,166</u> | <u>31.08</u> | <u>5,061,122,166</u> | <u>22.53</u> | <u>11,391,929,592</u> | <u>50.72</u> |
| Total | <u>10,843,793,000</u> | <u>100</u> | <u>16,285,098,702</u> | <u>100</u> | <u>22,462,205,106</u> | <u>100</u> | <u>22,462,205,106</u> | <u>100</u> |

Note:

- Certain figures contained in the table above have been adjusted to whole numbers or two decimal places. Any differences between the totals shown and the sum of the amounts listed are due to rounding adjustments. As at the date of this announcement, the Company has outstanding share options carrying the rights to subscribe for 281,980,000 Shares. Save for such options, the Company does not have any outstanding options, warrants or other securities in issue, apart from the 10,843,793,000 issued Shares.

2. As at the date of this announcement, CEG indirectly holds, through its wholly-owned subsidiaries, a total of 6,347,948,000 Shares, comprising (i) 6,219,500,000 Shares held by Evergrande Health Industry Holdings Limited; and (ii) 50,000 Shares held by Acelin Global Limited; and 128,398,000 Shares held by itself in its capacity as beneficial owner.
3. Pursuant to the Loan Conversion Subscription Agreement, the outstanding principal amount of the loan of US\$1,767,815,270 (equivalent to approximately HK\$13.8 billion) provided by CEG 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) will be converted into a total of 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. CEG has waived any interest that may be accrued on the outstanding principal amount of the loan provided by it to the Company from 15 August 2023 to the completion date of the Loan Conversion. The new Shares to be issued to CEG as a result of the Loan Conversion will be deposited into a custody account and used as exchangeable shares of the MEBs and deposited into custody accounts for the benefit of the SLNs.
4. Pursuant to the Loan Conversion Subscription Agreement, the outstanding principal amount of the loan provided by Mr. Hui and Xin Xin to the Company of HK\$2,650,000,000 will be converted into 690,104,166 new Shares at HK\$3.84 per Share. The new Shares to be issued to Mr. Hui and Xin Xin as a result of the Loan Conversion will be deposited into a custody account and used as additional Exchange Property.
5. Refers to the actual number of Shares held by such Directors as at the date of this announcement, excluding their interests in any options granted by the Company from time to time under the share option scheme of the Company. Other than Mr. LIU Yongzhuo, none of such Directors were involved in the discussion or negotiation of the Share Subscription Agreement, the Proposed Transactions, the Whitewash Waiver and/or the Special Deals.
6. Pursuant to the Loan Conversion arrangement, the outstanding principal amount of the loan provided by Ms. Ding and Good Bond to the Company in the aggregate principal amount of HK\$2,200,000,000 will 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.
7. As part of the CEG Debt Restructuring, CEG, Mr. Hui and Xin Xin will deposit 6,330,807,426 Shares (representing approximately 28.18% of the total number of issued Shares after the Closing) into a custody account as Exchange Property. Before the MEBs are converted into the Shares, such Shares are deposited in a segregated bank custody account established in the name of CEG or an overseas subsidiary of CEG. Mr. Hui and Xin Xin will remain the beneficial owners of such Shares deposited into the custody account and as a result, such Shares will not be counted towards the public float of the Company until the MEBs to which the Shares relate are exchanged for the Shares. Upon the full exchange of the MEBs into the Shares no later than the end of 24 months from the earlier of 1 October 2023 or the effective date of the CEG Debt Restructuring, the relevant creditors of CEG will hold a total of approximately 28.18% of all issued Shares. To the best of the Company's knowledge, the creditors of CEG are independent third parties of the Company.
8. Mr. LIU Zhen is a director of CEG.
9. As part of the CEG Debt Restructuring, CEG will deposit 4,885,529,610 Shares (representing approximately 21.75% of the total number of issued Shares after the Closing) into the custody accounts, and subject to any possible enforcement event under the SLNs, CEG will remain the beneficial owner of these Shares and as a result, such Shares will not be counted towards the public float of the Company.

PUBLIC FLOAT

As at the date of this announcement, the public float of the Company is approximately 41.39%. After completion of the Loan Conversion, the public float of the Company will be reduced to approximately 31.08%. After the Closing, the Subscriber will become a core connected person of the Company, holding approximately 27.50% of the total number of issued Shares. Based on the illustrative shareholding table and the assumptions stated in the section headed "Effect on Shareholding Structure

of the Company” of this announcement, immediately after the Closing, the public float of the Company is approximately 22.53%, which is approximately 2.47% below the minimum public float of 25% as required under Rule 8.08(1)(a) of the Listing Rules.

It is the intention of the Board and the Subscriber that the Company will remain listed on the Stock Exchange after Closing. Based on the illustrative shareholding table and the assumptions stated in the section headed “Effect on Shareholding Structure of the Company” of this announcement, it is expected that the Company will restore its public float as a result of the exchange of the MEBs for not less than 554,429,111 Shares.

The Company believes that there will be strong commercial and economic interest for the holders of the MEBs to exchange their MEBs for Shares deposited in the custody accounts in the first few months of the exchange period after taking into account (i) the current market price of the Evergrande USD-denominated notes as held by the creditors of CEG, the current market price of the Shares and the price at which the MEBs will be exchanged into Shares; and (ii) the liquidity which the relevant creditors of CEG can gain from the exchange of MEBs. In addition, with the expected improvement of market outlook and the additional funding following the Closing, the Company is expected to be able to secure sufficient investments by way of placing of new Shares to satisfy the public float requirement. As a fallback solution and subject to prevailing market conditions, the Company will engage in discussions with the Subscriber and (in the event that CEG has any Shares available for sale at the relevant time) CEG to formulate plans for an orderly disposal of their holdings of Shares on a pro-rata basis to independent third parties for restoration of the prescribed minimum public float of 25% of the Company.

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a temporary waiver from strict compliance with the requirements of Rule 8.08(1)(a) of the Listing Rules, and allow the minimum public float of the Company to be reduced to 22.53% for the period from the Closing to 30 April 2024 subject to the condition that the Company would disclose the waiver by way of an announcement.

TAKEOVERS CODE IMPLICATIONS, APPLICATION FOR THE WHITEWASH WAIVER AND SPECIAL DEALS

As at the date of this announcement, save for 6,347,948,000 Shares held by CEG directly and indirectly through Evergrande Health and Acelin (representing approximately 58.54% of the total number of issued Shares), none of the Subscriber or any person acting in concert with it owns or controls any Shares. Due to the arrangement under the Deed on Voting Control, the Subscriber is considered to be acting in concert with CEG and Mr. Hui. As at the date of this announcement, CEG holds 6,347,948,000 Shares (representing approximately 58.54% of the total number of issued Shares) and Mr. Hui (other than through CEG) does not hold any Share. After completion of the Loan Conversion (but before Closing and full exchange of the MEBs), CEG and Mr. Hui (directly and through Xin Xin) will hold 11,216,337,036 Shares (representing approximately 68.87% of the total number of issued Shares). Assuming that there is no other issue of any new Shares and the grantees under the Share Option Scheme do not exercise any share options from the date of this announcement to the Closing

Date, immediately after the Closing: (i) the shareholding of the Subscriber will be increased to 6,177,106,404 Shares, representing approximately 27.50% of the total number of issued Shares; and (ii) CEG and Mr. Hui will be interested in 11,216,337,036 Shares, representing approximately 49.93% of the total number of issued Shares, comprising (1) 6,330,807,426 Shares (representing approximately 28.18% of the total number of issued Shares) in the custody account as exchange property for the MEBs and (2) 4,885,529,610 Shares (representing approximately 21.75% of the total number of issued Shares) in the custody accounts for the benefits of the SLNs, and CEG and Mr. Hui will remain the beneficial owners of such Shares until the exchange of the MEBs or the occurrence of any enforcement event under the SLNs triggering the transfer of such Shares. Upon the full exchange of MEBs, the Subscriber and CEG will be interested in 6,177,106,404 and 4,885,529,610 Shares (representing approximately 27.50% and 21.75% of the total number of issued Shares), respectively. The Subscriber will become the single largest Shareholder and the largest Shareholder in the concert group which results in a significant change in the balance of the concert group.

As such, the Subscriber is obliged under Note 1 to Rule 26.1 of the Takeovers Code to make a mandatory general offer for all Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber and parties acting in concert with it), unless the Whitewash Waiver is granted by the Executive.

Application for the Whitewash Waiver

The Subscriber has made an application to the Executive for the Whitewash Waiver from compliance with the obligations to make a mandatory general offer for all Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber and parties acting in concert with it) under Rule 26.1 of the Takeovers Code in respect of the Proposed Transactions. The Whitewash Waiver, if granted, will be subject to, among other things, the approval by at least 75% of the votes cast by the Independent Shareholders by way of poll in respect of the Whitewash Waiver and more than 50% of the votes cast by the Independent Shareholders by way of poll in respect of the Proposed Transactions, respectively, at the EGM.

The Subscriber, its associates and any parties acting in concert with it and the Shareholders who are involved in or interested in the Specific Mandate, the Share Subscription Agreement, the Proposed Transactions, the Whitewash Waiver and/or the Special Deals (including but not limited to CEG, Evergrande Health, Acelin, Mr. Hui, Xin Xin, Mr. SIU Shawn, Mr. LIU Yongzhuo and Mr. QIN Liyong, Ms. Ding, Good Bond and Mr. LIU Zhen), will be required to abstain from voting in respect of (i) the resolutions to approve the Specific Mandate, the Share Subscription Agreement, the Proposed Transactions and/or the Whitewash Waiver at the EGM and (ii) the resolutions to approve the Loan Conversion Subscription Agreement, the Set-Off Agreement, the transactions contemplated under the Loan Conversion Subscription Agreement and the Set-Off Agreement (including the grant of the specific mandate and the Special Deals) at a separate general meeting.

Assuming (i) the Whitewash Waiver is granted and the Closing occurs; and (ii) there is no change in the total number of issued Shares save for the Loan Conversion and the allotment and issue of the Subscription Shares from the date of this announcement to the date of the full exchange of the MEBs,

immediately after the full exchange of the MEBs, the shareholding of the Subscriber and parties acting in concert with it will drop to 11,062,636,014 Shares, representing approximately 49.25% of the total number of issued Shares. For so long as the Subscriber and the parties acting in concert with it hold between 30% and 50% of the voting rights in the Company, if the Subscriber and/or parties acting in concert with it acquire additional voting rights which results in the increase of their holding of voting rights in the Company by more than 2% from their lowest collective percentage holding in the 12-month period ending on and inclusive of the date of the relevant acquisition, the Subscriber and parties acting in concert with it may trigger an obligation to make a mandatory general offer for all the issued Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber and parties acting in concert with it).

Special Deals relating to the Loan Conversion

Reference is made to the Loan Conversion Announcement. On 14 August 2023 (after trading hours), the Company entered into the Loan Conversion Subscription Agreement with CEG, Mr. Hui, Xin Xin, Ms. Ding and Good Bond, Pursuant to which each of them has conditionally agreed to subscribe for, and the Company has 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. Such subscription amount shall be satisfied by way of set-off against the Relevant Loans owed by the Company to CEG, Mr. Hui, Xin Xin, Ms. Ding and Good Bond pursuant to the Set-Off Agreement.

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 CEG 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) will be converted into 4,178,284,870 new Shares (representing approximately 25.66% of the total number of Shares after completion of the Loan Conversion) at HK\$3.84 per Share and be issued to CEG (or the immediate holding company of the Company as designated by CEG) to be deposited into custody accounts in relation to the MEBs and the SLNs; (ii) the outstanding principal amount of the loan provided by Mr. Hui and Xin Xin to the Company of HK\$2,650,000,000 will be converted into 690,104,166 new Shares (representing approximately 4.24% of the total number of the issued Shares after 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 for the MEBs; 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 will 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 will be issued upon completion of the Loan Conversion, which is currently expected to take place in September 2023.

The subscriptions of new Shares by CEG, Mr. Hui and Xin Xin pursuant to the terms of the Loan Conversion Subscription Agreement and the Set-Off Agreement constitute special deals under Note 5 to Rule 25 of the Takeovers Code and require the consent of the Executive. An application will be made

by the Company to the Executive for the consent to the subscriptions of new Shares by CEG, Mr. Hui and Xin Xin pursuant to the Loan Conversion Subscription Agreement and the Set-Off Agreement as special deals under Rule 25 of the Takeovers Code.

Such consent, if granted, will be subject to (i) the Independent Financial Adviser publicly stating that in its opinion the terms of the Loan Conversion Subscription Agreement, the Set-Off Agreement and the transactions contemplated thereunder (including the grant of the specific mandate and the Special Deals) are fair and reasonable; and (ii) the approval of the Loan Conversion Subscription Agreement, the Set-Off Agreement and the transactions contemplated thereunder (including the grant of the specific mandate and the Special Deals) by the Independent Shareholders by way of a poll at a general meeting of the Company.

For details of the general meeting and the circular in relation to the Loan Conversion, please refer to the Loan Conversion Announcement.

The Executive may or may not grant the Whitewash Waiver or give consent to the Special Deals. The Share Subscription will not proceed if the Whitewash Waiver is not granted or approved or the consent to the Special Deals is not granted.

BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Establishment of Independent Board Committee

Pursuant to the Listing Rules and Rule 2.8 of the Takeovers Code, the Independent Board Committee comprising Mr. GUO Jianwen and Mr. XIE Wu (both of them have no direct or indirect interest in the Share Subscription Agreement, the Proposed Transactions, the Whitewash Waiver and the Special Deals) has been formed to advise the Independent Shareholders on the terms of the Share Subscription Agreement, the Proposed Transactions, the Whitewash Waiver and the Special Deals, and as to voting. As Mr. CHAU Shing Yim David is also an independent non-executive director of CEG, he is not considered as independent for the purpose of giving advice or recommendations to the Independent Shareholders. Please also refer to the Loan Conversion Announcement in relation to the establishment of Independent Board Committee to advise on the terms of the Special Deals.

Appointment of Independent Financial Adviser

Maxa Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, has been appointed with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders on the terms of the Share Subscription Agreement, the Proposed Transactions, the Whitewash Waiver and the Special Deals and to make recommendation as to voting. Please also refer to the Loan Conversion Announcement in relation to the appointment of the Independent Financial Adviser to advise on the terms of the Special Deals.

EGM

The Company will convene the EGM to consider, if thought fit, to approve, among other things, (a) the Specific Mandate; (b) the Share Subscription Agreement and the Proposed Transactions; (c) the Whitewash Waiver; and (d) the Proposed Amendments. The Company will convene a separate general meeting to consider, if thought fit, approve, among others, the Special Deals.

The Subscriber, its associates and parties acting in concert with it and any Shareholder who is interested in or involved in the Share Subscription Agreement, the Proposed Transactions, the Whitewash Waiver and/or the Special Deals (including CEG, Evergrande Health, Acelin, Mr. Hui, Xin Xin, Mr. SIU Shawn, Mr. LIU Yongzhuo, Mr. QIN Liyong, Ms. Ding, Good Bond and Mr. LIU Zhen) shall abstain from voting in respect of (i) the resolutions to approve the Specific Mandate, the Share Subscription Agreement, the Proposed Transactions and/or the Whitewash Waiver at the EGM, and (ii) the resolutions to approve the Loan Conversion Subscription Agreement, the Set-Off Agreement, the transactions contemplated under the Loan Conversion Subscription Agreement and the Set-Off Agreement (including the grant of the specific mandate and the Special Deals) at a separate general meeting. As at the date of this announcement, save for CEG, Evergrande Health, Acelin, Mr. SIU Shawn, Mr. LIU Yongzhuo, Mr. QIN Liyong and Mr. LIU Zhen, no existing Shareholder has material interest in the Specific Mandate, the Share Subscription Agreement, the Proposed Transactions and the Whitewash Waiver and shall abstain from voting on the resolutions to be proposed at the EGM in relation to the granting of the Specific Mandate and the approval of the Share Subscription Agreement, the Proposed Transactions and the Whitewash Waiver.

A circular containing, among other things, (i) further details of the Specific Mandate, the Share Subscription Agreement, the Proposed Transactions, the Whitewash Waiver and the Proposed Amendments; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Share Subscription Agreement, the Proposed Transactions and the Whitewash Waiver; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Share Subscription Agreement, the Proposed Transactions and the Whitewash Waiver; and (iv) a notice of the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules and the Takeovers Code. The Company will prepare and despatch a separate circular in relation to the Special Deals to the Shareholders.

The Closing is subject to the satisfaction (or waiver, if applicable) of the conditions precedent of the Share Subscription Agreement. As the Share Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

- “Acelin” means Acelin Global Limited, a wholly-owned subsidiary of CEG and a direct Shareholder
- “acting in concert” has the meaning ascribed thereto under the Takeovers Code
- “AOA” means the articles of association of the Company, as amended from time to time
- “associate(s)” has the meaning ascribed thereto under the Listing Rules
- “Board” means the board of Directors
- “CEG” means China Evergrande Group, a company incorporated in the Cayman Islands with limited liability and the controlling shareholder of the Company, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3333)
- “CEG Debt Restructuring” means the proposed offshore debt restructuring referred to in the announcement published by CEG on 22 March 2023 (as amended and supplemented from time to time, which shall not affect the total number of Shares and shareholding percentage of the Subscriber and parties acting in concert with it)
- “CEG Offshore Debts” means debts issued or incurred by CEG or its subsidiaries in connection with the CEG Debt Restructuring and debts incurred in connection with the replacement or refinancing of the above debts, as well as agreements, deeds, notes in connection with any of such debts and other documents regulating or evidencing such debts
- “Company” means China Evergrande New Energy Vehicle Group Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 708)
- “Completed Divestment” means the divestment of the living projects segment and the health management segment of the Group completed on 12 May 2023, the details of which were disclosed in the announcement of the Company dated 24 April 2023 and the circular of the Company dated 25 April 2023

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| “connected person(s)” | has the meaning ascribed thereto under the Listing Rules |
| “controlling shareholder(s)” | has the meaning ascribed thereto under the Listing Rules |
| “core connected person(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Closing” | means the completion of the Share Subscription pursuant to the terms and conditions of the Share Subscription Agreement |
| “Closing Date” | means the date of the completion of the Share Subscription pursuant to the terms and conditions of the Share Subscription Agreement, details of which are set out in the section headed “Proposed Issue of New Shares Under Specific Mandate — Closing” in this announcement |
| “Deed on Voting Control” | means the deed on voting control entered into by the Company, CEG, Mr. Hui and the Subscriber on 14 August 2023 (after trading hours), which shall be effective on the Closing Date |
| “Director(s)” | means director(s) of the Company |
| “EGM” | means the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving, among other things, the Specific Mandate, the Share Subscription Agreement, the Proposed Transactions, the Whitewash Waiver and the Proposed Amendments |
| “Escrow Account” | means a bank account opened by the Subscriber or its related party subject to the joint supervision of the Company and the Subscriber or their respective designated related parties pursuant to the Share Subscription Agreement |
| “EV” | means electric vehicles |
| “EV Purchase Orders” | means the EV purchase orders to be entered into by the Fund Provider and the Fund Recipient or their respective related parties |
| “Evergrande Health” | means Evergrande Health Industry Holdings Limited, a subsidiary of CEG and the immediate holding company of the Company holding 6,219,500,000 Shares as at the date of this announcement |

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| “Exchange Property” | means the Shares to be deposited into a custody account and used as exchange property for the MEBs |
| “Executive” | means the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s) |
| “Fund Provider” | means NWTN (Zhejiang) Automobile Co., Ltd.* (紐頓 (浙江) 汽車有限公司), a subsidiary of the Subscriber |
| “Fund Recipient” | means Evergrande New Energy Vehicle (Tianjin) Co., Ltd.* (恒大新能源汽車(天津)有限公司), a subsidiary of the Company |
| “Good Bond” | means Good Bond Limited (好邦有限公司), a company incorporated in Hong Kong with limited liability and wholly-owned by Ms. Ding |
| “Group” | means the Company and its subsidiaries |
| “HK\$” or “HK dollar” | means Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | means the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Board Committee” | means an independent board committee of the Board comprising all the independent non-executive Directors who have no direct or indirect interest in the Share Subscription Agreement, the Proposed Transactions and the Whitewash Waiver, the Loan Conversion Subscription Agreement, the Set-Off Agreement, the transactions contemplated thereunder (including the grant of the specific mandate for the issuance of Shares under Loan Conversion and/or the Special Deals), namely, Mr. GUO Jianwen and Mr. XIE Wu |
| “Independent Financial Adviser” | means Maxa Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, has been appointed with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders on the terms of the Share Subscription Agreement, the Proposed Transactions, the Whitewash Waiver, and the Special Deals and to make recommendation as to voting |

- “Independent Shareholder(s)” means Shareholder(s) other than: (i) the Subscriber, its associates and parties acting in concert with it and (ii) such person(s) who is/are involved in or interested in the Specific Mandate, the Share Subscription Agreement, the Proposed Transactions, the Whitewash Waiver and/or the Special Deals (including CEG, Evergrande Health, Acelin, Mr. Hui, Xin Xin, Mr. SIU Shawn, Mr. LIU Yongzhuo, Mr. QIN Liyong, Ms. Ding, Good Bond and Mr. LIU Zhen)
- “Last Trading Date” means 11 August 2023, being the last trading day prior to the signing of the Share Subscription Agreement
- “Listing Rules” means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
- “Loan Conversion” means the conversion of (a) loans provided by CEG, Mr. Hui, Xin Xin, Ms. Ding and Good Bond to the Company with the aggregate outstanding principal amount and (b) (in respect of the Shareholder’s loan provided by CEG to the Company only) the interest accrued upon such Shareholder’s loan up to and including 14 August 2023, with an aggregate amount of HK\$20,894,613,901.15, into 5,441,305,702 new Shares issued and allotted by the Company, details of which are set out in the announcements of CEG dated 22 March 2023 and the Company dated 14 August 2023
- “Loan Conversion Announcement” means the announcement of the Company dated 14 August 2023 in respect of, among other things, the Loan Conversion Subscription Agreement and the Set-off Agreement
- “Loan Conversion Subscription Agreement” means the subscription agreement dated 14 August 2023 entered into between the Company and CEG, Mr. Hui, Xin Xin, Ms. Ding and Good Bond in relation to the Loan Conversion
- “Long Stop Date” means 31 December 2023, or such other date as the Company and the Subscriber may otherwise agree in writing)

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| “Material Adverse Event” | means an event which, either alone or in conjunction with other events, (i) materially and adversely affects the ability of the Company and/or CEG to perform its obligations under the Share Subscription Agreement; or (ii) materially and adversely affects the business, operations, assets, liabilities (including contingent liabilities), results of operations or financial condition of a member of the Group; or (iii) materially and adversely affects the qualification or ability of a member of the Group to operate and conduct its business in the manner it is currently operating or conducting, other than any event arising out of (1) war or hostilities or any act of terrorism which occurs in PRC; (2) any general and material change in the financial markets in Hong Kong, or any material change in general economic, regulatory or political conditions which occurs in PRC due to policy impact; (3) any change having a general, material and adverse effect on the industry or market in which the Company is a player, which occurs in PRC; (4) requirements of changes in applicable accounting standards or material changes in applicable laws; (5) the information regarding the Company and/or CEG already disclosed in the public documents or the information regarding the Company and/or CEG already known to the Subscriber as disclosed by the Company to the Subscriber pursuant to the Share Subscription Agreement |
| “MEBs” | means mandatory exchangeable bonds to be issued by CEG to its creditors exchangeable into Shares pursuant to the arrangement of the CEG Debt Restructuring and the terms and conditions of the mandatory exchangeable bonds |
| “Ms. Ding” | means Ms. DING Yumei, a third party independent of the Company and its connected persons. As at the date of this announcement, Ms. Ding does not hold any position in CEG. Based on the information publicly available to the Company, Ms. Ding is interested in 791,248,238 shares in CEG, representing approximately 5.99% of the total number of issued shares in CEG as at the date of this announcement |
| “Mr. Hui” | means Mr. HUI Ka Yan, the controlling shareholder and an executive director of CEG |
| “PRC” | means the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan |
| “Proposed Amendments” | means the proposed amendments to the AOA as specified in the section headed “Proposed Amendments to the AOA” in this announcement |

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| “Proposed Transactions” | means the transactions contemplated under the Share Subscription Agreement |
| “Relevant Loans” | means the aggregate amount of HK\$20,894,613,901.15, comprising (i) the outstanding principal amount of loans due and owed by the Company to CEG, Mr. Hui, Xin Xin, Ms. Ding and Good Bond and (ii) the accrued interest up to and including 14 August 2023 with respect to the shareholder’s loan provided by CEG |
| “Set-Off Agreement” | means the set-off agreement dated 14 August 2023 entered into among the Company and CEG, Mr. Hui, Xin Xin, Ms. Ding and Good Bond in relation to the Loan Conversion |
| “SFC” | means Securities and Futures Commission of Hong Kong |
| “SFO” | means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, modified and supplemented from time to time |
| “Share(s)” | means the ordinary share(s) of the Company |
| “Share Option Scheme” | means the share option scheme of the Company adopted on 6 June 2018 |
| “Share Subscription” | means the subscription of the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Share Subscription Agreement |
| “Share Subscription Agreement” | means the share subscription agreement dated 14 August 2023 and entered into among the Company, the Subscriber, CEG and Mr. Hui in relation to the Share Subscription |
| “Shareholder(s)” | means the holder(s) of the Shares |
| “SLNs” | means China Evergrande Group NEV Linked New Notes A2 and China Evergrande Group NEV Linked New Notes C2 to be issued by CEG to its creditors pursuant to the arrangement of the CEG Debt Restructuring |
| “Special Deals” | means subscriptions of new Shares by CEG, Mr. Hui and Xin Xin pursuant to the terms of the Loan Conversion Subscription Agreement and the Set-Off Agreement, which will constitute special deals under Note 5 to Rule 25 of the Takeovers Code |

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| “Specific Mandate” | means the specific mandate to be sought from the Shareholders at the EGM to grant the authority to the Board for the allotment and issue of the Subscription Shares |
| “Stock Exchange” | means The Stock Exchange of Hong Kong Limited |
| “Subscriber” | means NWTN Inc., a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the NASDAQ (ticker symbol: NWTN) |
| “Subscription Consideration” | means HK\$3,889,723,903 (equivalent to approximately US\$500 million), being the aggregate consideration for the Share Subscription, to be satisfied by cash |
| “Subscription Price” | means the subscription price of HK\$0.6297 per Subscription Share |
| “Subscription Shares” | means 6,177,106,404 new Shares to be allotted and issued by the Company to the Subscriber pursuant to the Share Subscription Agreement |
| “subsidiary(ies)” | has the meaning ascribed thereto under the Listing Rules |
| “Takeovers Code” | means the Code on Takeovers and Mergers (as amended, modified and supplemented from time to time) |
| “Transaction Costs” | means any costs incurred by the Subscriber in relation to the Share Subscription, including without limitation, any fees chargeable by legal advisers, financial advisers, auditors and the escrow agent of the Escrow Account |
| “Transaction Document” | means the Share Subscription Agreement and the Deed on Voting Control |
| “Transitional Funding Support Agreement” | means the transitional funding support agreement dated 14 August 2023 and entered into between the Fund Provider and the Fund Recipient in relation to the provision of the Transitional Support Amount |
| “Transitional Support Amount” | means the transitional funding in the amount of RMB600 million to be provided by the Fund Provider to the Fund Recipient pursuant to the terms of the Transitional Funding Support Agreement |
| “US\$” or “US dollar” | means United States dollar, the lawful currency of the United States of America |

“Whitewash Waiver” means the whitewash waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligation of the Subscriber to make a mandatory general offer for all the issued Shares and other securities of the Company which have not been owned or agreed to be acquired by the Subscriber and parties acting in concert with it as a result of the Subscriber subscribing for the Subscription Shares under the Share Subscription Agreement

“Xin Xin” means Xin Xin (BVI) Limited, a company wholly-owned by Mr. Hui

“%” means per cent.

For and on behalf of the Board of
China Evergrande New Energy Vehicle Group Limited
SIU Shawn
Chairman

Hong Kong, 14 August 2023

As at the date of this announcement, the executive Directors are Mr. SIU Shawn, Mr. LIU Yongzhuo and Mr. QIN Liyong; and the independent non-executive Directors are Mr. CHAU Shing Yim, David, Mr. GUO Jianwen and Mr. XIE Wu.

As at the date of this announcement, the directors of the Subscriber are Mr. Alan Nan WU, Mr. Aaron Huainan LIAO, Mr. Xiaoma (Sherman) LU, Mr. Michael S. CASHEL, Mr. Changqing (Benjamin) YE, Mr. Alain BATTY, Mr. Mark A. SCHULZ, Ms. Xinyue (Jasmine) GEFNER and Mr. Mohamed HESHAM.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement (other than the information in relation to the Subscriber and parties acting in concert with it) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The directors of the Subscriber jointly and severally accept full responsibility for the accuracy of information contained in this announcement (other than the information in relation to the Company) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

For the purpose of this announcement, unless the context otherwise requires, conversion of Hong Kong dollars into US dollars is based on the approximate exchange rate of US\$1 to HK\$7.78. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in US dollars or Hong Kong dollars have been, could have been or may be converted at such or any other rate or at all.

* *For identification purpose only*