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CHINA EVERGRANDE GROUP

中國恒大集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3333)

**DISCLOSEABLE TRANSACTION
DEEMED DISPOSAL OF INTEREST IN NEV EVERGRANDE**

THE NEV SHARE SUBSCRIPTION

On 14 August 2023, the Company, Mr. Hui, Evergrande NEV and the Subscriber entered into the NEV Share Subscription Agreement, pursuant to which Evergrande NEV conditionally agreed to allot and issue, and the Subscriber conditionally agreed to subscribe for, the Subscription Shares, which will result in the Subscriber holding approximately 27.50% of the total issued share capital of Evergrande NEV as enlarged by the issue of new NEV Shares upon completion of the NEV Loan Conversion and the NEV Share Subscription (assuming that there is no other change in the issued share capital of Evergrande NEV from the date of this announcement 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.

Assuming completion of the NEV Loan Conversion and immediately after completion of the NEV Share Subscription, the shareholding interest of the Group in Evergrande NEV will be diluted to approximately 46.86% (assuming there is no other change to the issued share capital of Evergrande NEV from the date of this announcement up to the Closing Date) and Evergrande NEV will cease to be a non-wholly owned subsidiary of the Company and its financial results will cease to be consolidated into the results of the Group.

LISTING RULES IMPLICATIONS

The NEV Share Subscription will constitute a deemed disposal of NEV Shares by the Group pursuant to Rule 14.29 of the Listing Rules. Since the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the NEV Share Subscription exceeds 5% but is less than 25%, the deemed disposal constitutes a discloseable transaction of the Company subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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

INTRODUCTION

On 14 August 2023, the Company, Mr. Hui, Evergrande NEV and the Subscriber entered into the NEV Share Subscription Agreement in respect of the NEV Share Subscription.

THE NEV SHARE SUBSCRIPTION

The NEV Share Subscription Agreement

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

Subscription Shares

Pursuant to the NEV Share Subscription Agreement, subject to the satisfaction (or waiver, if applicable) of the conditions precedent, Evergrande NEV agreed to allot and issue, and the Subscriber agreed to subscribe for, the Subscription Shares, 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.

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

- (i) approximately 56.96% of the total number of issued NEV Shares as at the date of this announcement; and
- (ii) approximately 27.50% of the total number of issued NEV Shares as enlarged by the issue of new NEV Shares upon completion of the NEV Loan Conversion and the NEV Share Subscription (assuming that there is no other change in the issued share capital of Evergrande NEV from the date of this announcement to the Closing Date).

Subscription Price

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

- (i) a discount of approximately 62.96% to the closing price of NEV Shares of HK\$1.7 per share as quoted on the Stock Exchange on the date of the NEV Share Subscription Agreement;
- (ii) a discount of approximately 59.42% to the average closing price of NEV Shares of HK\$1.552 per share for the five (5) consecutive trading days immediately preceding the date of the NEV Share Subscription Agreement; and
- (iii) a premium of HK\$7.5597 over the net liabilities value per NEV Share of approximately HK\$-6.93 as at 31 December 2022 based on Evergrande NEV's annual results announcement for the financial year ended 31 December 2022 and the number of NEV Shares in issue as at the date of this announcement.

The Subscription Price was determined after arm's length negotiations between Evergrande NEV and the Subscriber with reference to: (i) the current shareholding of the Company and Mr. Hui in Evergrande NEV, the effects of the NEV Loan Conversion and the Debt Restructuring, and the Subscriber's intention to become the single largest NEV Shareholder after the full exchange of the NEV MEBs; (ii) the financial position of Evergrande NEV and the uncertainty of the NEV Group's business prospects; (iii) the significance of the NEV Share Subscription to Evergrande NEV, 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 NEV Group's daily operation and management as explained in the section headed "Reasons for and benefits of the NEV Share Subscription" below; and (v) that the NEV Share Subscription is the only viable fundraising plan currently available to Evergrande NEV to satisfy its imminent funding needs.

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, shall rank *pari passu* in all respects among themselves and with the NEV 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 Evergrande NEV. The Subscriber may choose to transfer part or all of the funds in the Escrow Account to such designated account of Evergrande NEV in satisfaction of the payment obligations in respect of the equivalent amount of the Subscription Consideration less any Transaction Costs. 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 NEV Share Subscription Agreement:

- (1) the independent shareholders of Evergrande NEV having passed resolutions in relation to the NEV Share Subscription Agreement and the Proposed Transactions as required by the relevant laws and regulations (including the Takeovers Code and the Listing Rules) at Evergrande NEV's general meeting, including, among other things, (a) the passing by way of a poll by the relevant NEV Shareholders who are allowed to vote under the Listing Rules of resolutions (i) approving and granting the Specific Mandate to the NEV Board to allot and issue the Subscription Shares, and (ii) approving the Proposed Transactions and the proposed amendments to the NEV AOA; and (b) the passing by way of a poll by the relevant NEV 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) the Company having obtained the approval by the Board in relation to the deemed disposal under Chapter 14 of the Listing Rules in respect of the NEV Share Subscription;
- (3) the Executive having granted the Whitewash Waiver in respect of the Proposed Transactions and the consent of the Executive in relation to the subscriptions of new NEV Shares by the Company, Mr. Hui and Xin Xin pursuant to the NEV Loan Conversion as special deals under Rule 25 of the Takeovers Code having been obtained, and such Whitewash Waiver and consent not having been 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 having approved the listing and trading of the Subscription Shares and such listing and approval not having been revoked or withdrawn prior to the Closing Date and remaining in full force and effect at the time of Closing;
- (5) the Company and Evergrande NEV having obtained all relevant authorisations, 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 NEV Share Subscription Agreement and the Proposed Transactions, including the consent of the creditors under the Debt Restructuring (if required), and none of such approvals having been withdrawn or revoked prior to the Closing Date;
- (6) the Subscriber having obtained the authorisations, approvals and filings of all relevant government authority, and necessary approval (if required) from all relevant third parties in connection with the NEV 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 having been withdrawn or revoked prior to the Closing Date;

- (7) the parties to the NEV Share Subscription Agreement and other Transaction Documents having executed and delivered to the other parties the Transaction Documents to which they are a party;
- (8) the warranties given by the Subscriber being true and accurate in all material respects and not misleading in any material respect as at the date of the NEV Share Subscription Agreement and at Closing;
- (9) the warranties given by the Company and Evergrande NEV being true and accurate in all material respects and not misleading in any material respect as at the date of the NEV Share Subscription Agreement and at Closing, and all undertakings and covenants to be performed by the Company and Evergrande NEV prior to the Closing Date under the applicable Transaction Documents having been performed;
- (10) the NEV Shares remaining listed on the Main Board of the Stock Exchange and continuing to be available for trading during trading sessions of the Stock Exchange;
- (11) there being 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 being 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 a 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 NEV Share Subscription Agreement or before such extended date as the parties may agree;
- (13) there being no existing Material Adverse Event as at the Closing Date;
- (14) the Subscriber having completed all supplementary due diligence review in relation to the business, financial, technical, legal and tax affairs of the NEV Group and the results of such due diligence review has no substantive difference from the disclosure having been made by Evergrande NEV to the Subscriber under the NEV Share Subscription Agreement;
- (15) the Debt Restructuring becoming effective, including that the entire principal amount of the loans provided by the Company, Mr. Hui, Xin Xin, Ms. Ding and Good Bond and the outstanding interest accrued on the shareholder's loan from the Company to Evergrande NEV up to and including 14 August 2023 having been converted into NEV Shares at a price of HK\$3.84 per share, such that the Company has acquired not more than 4,178,284,870 new NEV Shares, Mr. Hui and Xin Xin have acquired not more than 690,104,166 new NEV Shares in aggregate, and Ms. Ding and Good Bond have acquired not more than 572,916,666 new NEV Shares in aggregate, all

as a result of such conversion; the Company has waived any interest as may be accrued on the outstanding principal amount of the shareholder's loan from the Company to Evergrande NEV from 15 August 2023;

- (16) the Company and Evergrande NEV having entered into a binding and enforceable written framework agreement (the “**Current Payments Framework Agreement**”), which stipulates that the intra-group amounts payable by members of the NEV Group stipulated under the Current Payments Framework Agreement to the Group (for illustration 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 Evergrande NEV has undistributed profits at that time, Evergrande NEV may, depending on its operating situation, use the remaining distributable profits after deducting the funds required for the operation of Evergrande NEV and the repayment of the debts of other parties to repay the current payments payable to the Group;
- (17) Evergrande NEV having communicated with relevant creditors on the debts of the NEV Group with an aggregate principal amount not less than RMB1.3 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; and the NEV Group having entered into a binding and enforceable written agreement of understanding with creditors and other relevant parties (if involved) for repayment of the NEV Group's debts with an aggregate principal amount of not less than RMB6 billion;
- (18) Evergrande NEV having provided the audited pro forma consolidated financial statements of the NEV Group (namely the remaining NEV 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 NEV Group after offsetting the debt against its industrial park segment and the healthcare segment) shall not be less than RMB–27.5 billion and the total liabilities shall not be more than RMB65 billion;
- (19) Evergrande NEV having communicated in advance with the authorised 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) above are not waivable. Evergrande NEV may, at any time prior to 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 Closing, waive the conditions precedent (9), (10),

(13) to (19) above in its sole discretion by giving notice to Evergrande NEV. Subject to the requirements of laws and regulations, Evergrande NEV and the Subscriber may, at any time prior to Closing, by written agreement jointly waive the conditions precedent (11) and (12) above.

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

Each of the Company, Evergrande NEV and the Subscriber shall use its respective 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 NEV Share Subscription Agreement, if any of the conditions precedent is not satisfied (or waived, if applicable) on the Long Stop Date, either Evergrande NEV or the Subscriber is entitled to terminate the NEV Share Subscription Agreement and the NEV 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 NEV Share Subscription Agreement, and shall bear the responsibility in respect of any claim arising from antecedent breaches of the NEV Share Subscription Agreement.

As at the date of this announcement, other than condition precedent (18), none of the conditions has been satisfied or waived.

Additional Undertakings

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

Escrow Account

The Subscriber shall or shall procure its affiliates to deposit US\$500,000,000 within thirty (30) calendar days after the date of the NEV Share Subscription Agreement into the Escrow Account. The Escrow Account shall be subject to the joint supervision of Evergrande NEV and the Subscriber or their respective designated related parties. On the Closing Date or such other time as Evergrande NEV 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 Evergrande NEV 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.

Closing

Subject to all conditions precedent being satisfied or waived in accordance with the NEV Share Subscription Agreement prior to the Long Stop Date, Evergrande NEV 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 NEV Share Subscription Agreement less than three (3) business days prior to or on the Long Stop Date, then the Closing Date will be the fourth (4th) business day upon all conditions precedent being satisfied or waived in accordance with the NEV Share Subscription Agreement).

Nomination of NEV Directors and senior management

The Company, Evergrande NEV and the Subscriber agreed that, on the Closing Date, and to the fullest extent as in compliance with the NEV AOA and as permitted by the Listing Rules and applicable laws, provided that the NEV 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 NEV Directors and committee members under the NEV Board (if required) and one of whom will be nominated as the chairman of the Board;
- (2) the ad hoc committee of the Company's offshore US\$ denominated notes (the "AHG") shall be entitled to nominate one (1) candidate for consideration to serve as NEV Director and committee member under the NEV Board (if required); and
- (3) the Company shall be entitled to nominate one (1) candidate for consideration to serve as NEV Director and committee member under the NEV Board (if required).

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

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

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

The Company, Evergrande NEV and the Subscriber agree that, on the Closing Date, and to the fullest extent as in compliance with the NEV AOA and as permitted by the Listing Rules and applicable laws, they shall use their best endeavours to procure that the persons nominated by the Subscriber shall serve as the Evergrande NEV'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 Evergrande NEV shall be subject to the consent of the Subscriber.

Subject to applicable laws and the labor contracts entered into between Evergrande NEV or its affiliates and its core senior management team, the parties to the NEV Share Subscription Agreement agreed to maintain the overall stability of Evergrande NEV's core senior management team after Closing according to the business development needs.

Termination

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

- (1) Evergrande NEV has breached the provisions of the NEV Share Subscription Agreement and (to the extent that the breach is remediable) Evergrande NEV has not ceased the breach and implemented remedial measures to eliminate the impact of the breach to the satisfaction of the Subscriber within 10 business days after the Subscriber gives written notice to Evergrande NEV;
- (2) an event with Material Adverse Effect 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 Evergrande NEV and such restriction causes the Subscriber not being able to complete the fund transfer as contemplated under the NEV Share Subscription Agreement; and

- (5) any material qualification, permit, approval, licence or filing relating to the NEV 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 NEV Group.

Undertakings by the Company and Mr. Hui

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

- (1) if National Electric Vehicle Sweden AB (a subsidiary of Evergrande NEV) and its subsidiaries incur any expenses or liabilities other than ordinary operating costs after Closing, the Indemnifiers shall indemnify the members of the NEV Group (excluding National Electric Vehicle Sweden AB and its subsidiaries), Evergrande NEV and/or the Subscriber against the increase in expenses or liabilities of the members of the NEV Group arising therefrom, or any losses suffered by Evergrande NEV and/or the Subscriber as a result thereof;
- (2) where the members of the NEV 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 NEV Group, Evergrande NEV and/or the Subscriber against the increase in expenses or liabilities of the members of the NEV Group arising therefrom, or any losses suffered by Evergrande NEV and/or the Subscriber as a result thereof:
- (a) the members of the NEV 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 NEV 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 any act, action or omission of the NEV 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 NEV 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 the Company shall be replenished by the Indemnifiers;

- (4) save as disclosed, if there is any other undisclosed indebtedness of the NEV 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 NEV Group, Evergrande NEV and/or the Subscriber against the increase in expenses or liabilities of the members of the NEV Group arising therefrom, or any losses suffered by Evergrande NEV 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 Company's obligations 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 the Company, in connection with such indemnification or replenishment) does not, under any circumstances, result in or trigger a default of the Offshore Debts, for the avoidance of doubt, except for the exclusion of debt defaults as all set out in the terms of the Offshore Debts (whether set out as at the date of the NEV Share Subscription Agreement or subsequently excluded through obtaining necessary consents from the necessary creditors).

Deed on Voting Control

On 14 August 2023, the Company and Mr. Hui delivered to the Subscriber the Deed on Voting Control duly executed by the Company and Mr. Hui, and the Subscriber delivered to the Company 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 NEV Shareholder Rights

- (1) The Company and/or Mr. Hui shall refrain from exercising their NEV 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 NEV Board Decision and its implementation, provided that such NEV Board Decision does not involve any manifest dereliction of duties imposed on the NEV Directors by the applicable laws and the NEV AOA.
- (2) The Company and/or Mr. Hui, each as a NEV Shareholder, shall use all necessary and commercially reasonable endeavours to exercise their NEV Shareholder rights under their control in support of a NEV Board Decision. For the avoidance of doubt, the Deed on Voting Control does not restrict the Company and/or Mr. Hui from exercising their NEV Shareholder rights provided that such exercise of NEV Shareholder rights is not expressly or implicitly inconsistent with any NEV Board Decision made by the NEV Board from time to time.
- (3) The obligations of the Company and/or Mr. Hui to refrain from exercising their NEV Shareholder rights and support the NEV Board Decisions as referred to above do not apply to the Exclusive Matters, and apply only to the extent that (i) the NEV Directors have not breached their fiduciary duties under the applicable laws or exercised powers in excess of those conferred on them by the

NEV AOA, applicable laws and the general meeting of Evergrande NEV; and (ii) the committee members authorised by the NEV 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 NEV Shares beneficially owned by it.

For the purpose of the Deed on Voting Control:

- (a) “**NEV Board Decision**” means the resolution duly approved by the NEV Board in accordance with the NEV AOA and applicable laws or other decision made from time to time by the committee duly authorised by the NEV Board;
- (b) “**Exclusive Matters**” means the resolutions or decisions of Evergrande NEV which are required to be put to voting by the NEV Shareholders at the general meetings from time to time in accordance with the NEV AOA and applicable laws, but excluding resolutions with respect to the appointment of the NEV Board members as agreed in the NEV Share Subscription Agreement and the Deed on Voting Control, and excluding resolutions with respect to any amendment to the NEV AOA relating to the power of appointment of NEV 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 NEV Shares

If the Company and/or Mr. Hui intend to, within a period of two years from the Closing Date (including the date of expiry of such two-year period) (the “**Initial Two-Year Period**”), transfer (other than the transfer to a subsidiary of the Company and/or a company controlled by Mr. Hui) the NEV 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 Proposed Transferred Shares (the “**Right of First Refusal**”). If the Company and/or Mr. Hui intend to, after the expiry of the Initial Two-Year Period, transfer (other than the transfer to a subsidiary of the Company and/or a company controlled by Mr. Hui) the Proposed Transferred Shares, the Subscriber shall have the Right of First Refusal and the right (but not the obligation) to require co-sale of the NEV Shares held by it (the “**Tag-along Right**”).

If the Company and/or Mr. Hui intend to sell or transfer the NEV 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, the Company 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 (7) working days (or such other time as the parties thereto may agree) to the Company and/or Mr. Hui in accordance with the provisions of the NEV 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 (but not part) of the Proposed Transferred Shares at such price and on such terms no less favourable to the Company 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 NEV Shares held by the Subscriber to the proposed transferee in proportion to the relative shareholdings of the Subscriber and the Company and/or Mr. Hui and their Affiliates in Evergrande NEV 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, the Company and Mr. Hui acknowledged that the transfer of the Proposed Transferred Shares shall comply with applicable laws.

Appointment of NEV Directors and Management

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

The parties also agree that the chairman of the NEV 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 NEV 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 NEV Group and the Subscriber or its Affiliate(s) (the “**Reserved Matters**”), the Subscriber, the Company and Mr. Hui shall separately discuss, and the Subscriber has undertaken to procure the chairman of the NEV Board 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

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

- (1) the Company, Mr. Hui and their respective Affiliates cease to hold or beneficially own an aggregate of 5% or more of the total number of issued NEV 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 NEV Shares from time to time or cease to be the single largest NEV Shareholder (or group of NEV Shareholders), whichever is earlier;
- (3) the NEV Share Subscription Agreement is terminated before the Closing Date pursuant to its terms; and
- (4) the Company, 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 NEV Group, on 14 August 2023, 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 NEV 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 Evergrande NEV 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 NEV 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 NEV 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 Evergrande NEV under the relevant provisions of the Funding Support Related Documents and the NEV 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 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 NEV Share Subscription Agreement not expected to be satisfied.

Effect of Closing on the provision of the Transitional Support Amount

If Closing takes place prior to the provision of the 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. For the avoidance of doubt, if 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 NEV 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 NEV Shares or shares of Evergrande NEV'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 Transitional Funding Support Agreement for the repayment of the interest-free 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 NEV Share Subscription Agreement, the substantive breach of the NEV Share Subscription Agreement by the Company or Evergrande NEV, the non-completion of the Debt Restructuring, or the default of the offshore debt by the Company;
- (2) the unauthorised use of the Transitional Support Amount or material breach of the Funding Support Related Documents;
- (3) save as disclosed under the NEV 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.

INFORMATION ON EVERGRANDE NEV

Evergrande NEV is a company incorporated in Hong Kong with limited liability. The NEV Group is principally engaged in technology research and development and manufacturing of, and sales services in respect of new energy vehicles. As at the date of this announcement, the Company is the controlling shareholder of Evergrande NEV, holding approximately 58.54% of the total issued NEV Shares.

The audited consolidated net profits (both before and after taxation) of Evergrande NEV for the two years ended 31 December 2021 and 2022 are as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Loss before taxation	(15,783,985)	(28,015,749)
Loss after taxation	(27,663,709)	(56,344,378)

As at 31 December 2022, the audited consolidated net asset value of Evergrande NEV was approximately RMB–68.65 billion.

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

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

	As at the date of this announcement		Immediately after completion of the NEV Loan Conversion		Immediately after Closing		Immediately after the full exchange of the NEV MEBs into NEV Shares	
	Number of NEV Shares	Approximate	Number of NEV Shares	Approximate	Number of NEV Shares	Approximate	Number of NEV Shares	Approximate
		Note 1		Note 1		Note 1		Note 1
		%		%		%		%
The Company ^{Note 2}	6,347,948,000	58.54	10,526,232,870	64.64	10,526,232,870	46.86	4,885,529,610	21.75
			^{Note 3}		^{Note 3}		^{Note 8}	
The Subscriber	—	—	—	—	6,177,106,404	27.50	6,177,106,404	27.50
Mr. Hui (other than through the Company) ^{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>	6,347,948,000	58.54	1,216,337,036	68.88	17,393,443,440	77.43	11,062,636,014	49.25
Siu Shawn, a Director and NEV 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 NEV 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 NEV 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 the Company ^{Note 7}	—	—	—	—	—	—	6,330,807,426	28.18
Mr. Liu Zhen, a Director	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>

Notes:

- 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 indirectly holds, through its wholly-owned subsidiaries, a total of 6,347,948,000 NEV Shares, comprising (i) 6,219,500,000 NEV Shares held by Evergrande Health Industry Holdings Limited; and (ii) 50,000 NEV Shares held by Acelin Global Limited; and 128,398,000 NEV Shares held by itself in its capacity as beneficial owner.
- Pursuant to the NEV Loan Conversion arrangement, the outstanding principal amount of the loan provided by the Company to Evergrande NEV of US\$1,767,815,270 (equivalent to approximately HK\$13.8 billion) and the interest accrued on the outstanding principal amount of such loan up to and including 14 August 2023 (being US\$294,474,434 (equivalent to approximately HK\$2.3 billion)) will be converted into 4,178,284,870 new NEV Shares at HK\$3.84 per share. The Company has waived any interest that may be accrued on the outstanding principal amount of the loan provided by it to Evergrande NEV from 15 August 2023 to the date of completion of the NEV Loan Conversion. The new NEV Shares to be issued to the Company as a result of the NEV Loan Conversion will be deposited into the custody account and used as exchange property for part of the NEV MEBs and deposited into the custody accounts for the benefit of the NEV SLNs.

4. Pursuant to the NEV Loan Conversion arrangement, the outstanding principal amount of the loan provided by Mr. Hui and Xin Xin (a company wholly-owned by Mr. Hui) to Evergrande NEV of HK\$2,650,000,000 will be converted into 690,104,166 new NEV Shares at HK\$3.84 per share. The new NEV Shares to be issued to Mr. Hui and Xin Xin as a result of the NEV Loan Conversion will be deposited into the custody account and used as additional exchange property for the NEV MEBs.
5. Refers to the actual number of NEV Shares held by such NEV Directors as at the date of this announcement, excluding their interests in any options granted by Evergrande NEV from time to time under the share option scheme of Evergrande NEV.
6. Pursuant to the NEV Loan Conversion arrangement, the outstanding principal amount of the loan provided by Ms. Ding and Good Bond to Evergrande NEV in the aggregate principal amount of HK\$2,200,000,000 will be converted into 572,916,666 new NEV Shares at HK\$3.84 per share.
7. As part of the Debt Restructuring, the Company, Mr. Hui and Xin Xin will deposit 6,330,807,426 NEV Shares into the custody account as exchange property for the MEBs. Upon the exchange of the MEBs into the NEV Shares, the relevant creditors of the Company will hold a total of approximately 28.18% of the issued NEV Shares.
8. As part of the Debt Restructuring, the Company will deposit 4,885,529,610 NEV Shares into the custody accounts for the NEV SLNs, and subject to any possible enforcement event under the NEV SLNs, the Company will remain the beneficial owner of these NEV Shares.

FINANCIAL EFFECT OF THE DEEMED DISPOSAL

Immediately following completion of the NEV Loan Conversion, the Group will hold approximately 64.64% shareholding interest in Evergrande NEV. Assuming completion of the NEV Loan Conversion and immediately after completion of the NEV Share Subscription, the shareholding interest of the Group in Evergrande NEV will be diluted to approximately 46.86% (assuming there is no other change to the issued share capital of Evergrande NEV from the date of this announcement up to the Closing Date) and Evergrande NEV will cease to be a non-wholly owned subsidiary of the Company and its financial results will cease to be consolidated into the results of the Group.

Based on preliminary assessment, it is estimated that the Group will record an unaudited gain of approximately HK\$31.5 billion on the deemed disposal, which is calculated on the basis of the difference between the net asset value of the Group's shareholding in Evergrande NEV i.e. (6,347,948,000 NEV Shares) of approximately negative HK\$22.1 billion as at 31 December 2022, and the market value of approximately HK\$9.5 billion for such NEV Shares per the closing price of the NEV Shares of HK\$1.49 as at 11 August 2023. It is also estimated that the Group will record an unaudited loss of approximately HK\$9.8 billion on the NEV Loan Conversion, which is calculated based on the difference between the market value of approximately HK\$6.2 billion for the 4,178,284,870 new NEV Shares to be issued to the Company as a result of the NEV Loan Conversion based on the closing price of the NEV Shares of HK\$1.49 as at 11 August 2023 and the principal and accrued interest up to and including 14 August 2023 of HK\$16.0 billion to be equitised. The actual gains or losses of the Group on the deemed disposal will be subject to the final audit by the Group's auditor.

REASONS FOR AND BENEFITS OF THE NEV SHARE SUBSCRIPTION

The NEV Group is currently experiencing tight cash flow but is still striving to sustain its operations. The NEV 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 NEV Group needs new funding support. The Proposed Transactions are an important initiative for the NEV 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 NEV 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. Evergrande NEV and the Subscriber share faith and confidence in the prospects of the global market for new energy vehicles. Evergrande NEV 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 Evergrande NEV in the future. Based on the foregoing, Evergrande NEV 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 Evergrande NEV, 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 NEV Group's local expertise. Evergrande NEV believes that Hengchi products and the planned Ada and Muse series models of the Subscriber are highly complementary to each other, which enables Evergrande NEV and the Subscriber to meet the diverse needs of consumers and further expand Evergrande NEV's share in the global new energy vehicle market.

From operational perspective

Evergrande NEV 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. Evergrande NEV 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 Evergrande NEV.

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 NEV Group to further enhance the NEV Group's capability of becoming a front-runner in EV development and production. The Subscriber, as a NASDAQ listing company, will nominate NEV Directors and senior management who are experienced in the automotive industry and also bring in its corporate governance experience to reinforce the NEV Group's corporate governance.

Through the Proposed Transactions, the Subscriber plans to collaborate with Evergrande NEV to help Evergrande NEV 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 Evergrande NEV's existing manufacturing capabilities with the Subscriber's research and development capabilities, with an aim to creating meaningful synergies for both parties.

The gross proceeds and net proceeds (after deducting the expenses arising from the Proposed Transactions of Evergrande NEV, including the entire Transaction Costs) from the NEV Share Subscription to be raised by Evergrande NEV are expected to be approximately HK\$3,889,723,903 and HK\$3,825,302,800, respectively. Evergrande NEV intends to use the net proceeds from the NEV Share Subscription for the research and development, manufacturing of and sales services in respect of vehicles of the NEV Group and repayment of the Transitional Support Amount. The Company will not receive any proceeds from the NEV Share Subscription.

The Directors believe that the Proposed Transactions can improve the liquidity of the NEV Group and provide the NEV Group with additional working capital so that the NEV Group may repay its outstanding debts to the Group, thereby reducing the gearing ratio of the Group.

The Directors are of the view that the terms of the NEV Share Subscription Agreement and the Proposed Transactions are fair and reasonable and on normal commercial terms, and the entering into of the NEV Share Subscription Agreement and the Proposed Transactions are in the interests of the Company and the Shareholders as a whole.

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.

As at the date of this announcement, the Subscriber does not hold any Share. 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.

INFORMATION ON THE GROUP AND MR. HUI

The Company is a company incorporated in the Cayman Islands with limited liability. The Group is a conglomerate principally engaged in property development, property investment, property management, new energy vehicle development and production and cultural tourism business in the PRC.

Mr. Hui is the controlling shareholder of the Company and an executive Director. As at the date of this announcement, Mr. Hui holds approximately 59.78% of the total issued Shares.

LISTING RULES IMPLICATIONS

The NEV Subscription will constitute a deemed disposal of NEV Shares by the Group pursuant to Rule 14.29 of the Listing Rules. Since the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the NEV Subscription exceeds 5% but is less than 25%, the deemed disposal constitutes a discloseable transaction of the Company subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

CONTINUED SUSPENSION OF TRADING

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

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

DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Board”	the board of directors of the Company
“Company”	China Evergrande Group, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3333)

“Completed Divestment”	the divestment of the industrial park segment and the healthcare segment of the NEV Group completed on 12 May 2023, the details of which were disclosed in the announcement of Evergrande NEV dated 24 April 2023 and the circular of Evergrande NEV dated 25 April 2023
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Closing”	the completion of the NEV Share Subscription pursuant to the terms and conditions of the NEV Share Subscription Agreement
“Closing Date”	the date of Closing pursuant to the terms and conditions of the NEV Share Subscription Agreement, details of which are set out in the section headed “THE NEV SHARE SUBSCRIPTION — Closing” in this announcement
“Debt Restructuring”	the proposed offshore debt restructuring referred to in the announcement published by the Company on 22 March 2023 (as amended and supplemented from time to time, which shall not affect the total number of NEV Shares and shareholding percentage of the Subscriber and parties acting in concert with it)
“Deed on Voting Control”	the deed on voting control dated 14 August 2023 entered into by the Company, Mr. Hui and the Subscriber, which shall be effective on the Closing Date
“Director(s)”	director(s) of the Company
“Escrow Account”	a bank account opened by the Subscriber or its related party subject to the joint supervision of Evergrande NEV and the Subscriber or their respective designated related parties pursuant to the NEV Share Subscription Agreement
“EV”	electric vehicles
“Evergrande NEV”	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)
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“Fund Provider”	NWTN (Zhejiang) Automobile Co., Ltd.* (紐頓(浙江)汽車有限公司), a subsidiary of the Subscriber

“Fund Recipient”	Evergrande New Energy Vehicle (Tianjin) Co., Ltd.* (恒大新能源汽车(天津)有限公司), a subsidiary of Evergrande NEV
“Good Bond”	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”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	31 December 2023, or such other date as Evergrande NEV and the Subscriber may otherwise agree in writing
“Material Adverse Effect”	an event which, either alone or in conjunction with other events, (i) materially and adversely affects the ability of the Company and/or Evergrande NEV to perform its obligations under the NEV 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 NEV Group; or (iii) materially and adversely affects the qualification or ability of a member of the NEV 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 Evergrande NEV 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 Evergrande NEV already disclosed in the public documents or the information regarding the Company and/or Evergrande NEV already known to the Subscriber as disclosed by Evergrande NEV to the Subscriber pursuant to the NEV Share Subscription Agreement
“Mr. Hui”	Mr. Hui Ka Yan, the controlling shareholder of the Company and an executive Director

“Ms. Ding”	Ms. Ding Yumei, a third party independent of the Company and its connected persons who is interested in 791,248,238 Shares, representing approximately 5.99% of the total number of issued Shares as at the date of this announcement
“NEV AOA”	the articles of association of Evergrande NEV, as amended from time to time
“NEV Board”	the board of directors of Evergrande NEV
“NEV Director(s)”	director(s) of Evergrande NEV
“NEV Group”	Evergrande NEV and its subsidiaries
“NEV Loan Conversion”	the conversion of the (a) loans provided by the Company, Mr. Hui, Xin Xin, Ms. Ding and Good Bond to Evergrande NEV with the aggregate outstanding principal amount and (b) (in respect of the shareholder’s loan provided by the Company to Evergrande NEV 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 NEV Shares issued and allotted by Evergrande NEV, details of which are set out in the NEV Loan Conversion Announcement
“NEV Loan Conversion Announcement”	the announcement of the Company dated 14 August 2023 in respect of, among other things, the NEV Loan Conversion
“NEV MEBs”	the mandatory exchangeable bonds to be issued by the Company to its creditors exchangeable into NEV Shares pursuant to the arrangement of the Debt Restructuring
“NEV Share Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the terms and conditions of the NEV Share Subscription Agreement
“NEV Share Subscription Agreement”	the share subscription agreement dated 14 August 2023 and entered into among the Company, Mr. Hui, the Subscriber and Evergrande NEV in relation to the NEV Share Subscription
“NEV Shareholder(s)”	the holder(s) of the NEV Shares
“NEV Shares”	ordinary shares of Evergrande NEV
“NEV SLNs”	China Evergrande Group NEV Linked New Notes A2 and China Evergrande Group NEV Linked New Notes C2 to be issued by the Company to its creditors pursuant to the arrangement of the Debt Restructuring

“Offshore Debts”	debts issued or incurred by the Group in connection with the 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
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposed Transactions”	the transactions contemplated under the NEV Share Subscription Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Special Deals”	the subscriptions of new NEV Shares by the Company, Mr. Hui and Xin Xin pursuant to the NEV Loan Conversion which will constitute special deals under Note 5 to Rule 25 of the Takeovers Code
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	NWTN Inc., a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the NASDAQ (ticker symbol: NWTN)
“Subscription Consideration”	HK\$3,889,723,903 (equivalent to approximately US\$500 million), being the aggregate consideration for the NEV Share Subscription, to be satisfied by cash
“Subscription Price”	the subscription price of HK\$0.6297 per Subscription Share
“Subscription Shares”	6,177,106,404 new NEV Shares to be allotted and issued by Evergrande NEV to the Subscriber pursuant to the NEV Share Subscription Agreement
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers (as amended, modified and supplemented from time to time)

“Transaction Costs”	any costs incurred by the Subscriber in relation to the NEV Share Subscription, including without limitation, any fees chargeable by legal advisers, financial advisers, auditors and the escrow agent of the Escrow Account
“Transaction Documents”	the NEV Share Subscription Agreement and the Deed on Voting Control
“Transitional Funding Support Agreement”	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”	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\$”	United States dollar, the lawful currency of the United States of America
“Whitewash Waiver”	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 NEV Shares and other securities of Evergrande NEV 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 NEV Share Subscription Agreement
“Xin Xin”	Xin Xin (BVI) Limited, a company wholly-owned by Mr. Hui
“%”	per cent.

By order of the Board
China Evergrande Group
Hui Ka Yan
Chairman

Hong Kong, 14 August 2023

As at the date of this announcement, the executive directors are Mr. Hui Ka Yan, Mr. Siu Shawn, Mr. Shi Junping, Mr. Liu Zhen and Mr. Qian Cheng, the non-executive director is Mr. Liang Senlin, and the independent non-executive directors are Mr. Chau Shing Yim, David, Mr. He Qi and Ms. Xie Hongxi.

* *For identification purposes only*