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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 CONVERSION OF RELEVANT LOANS INTO NEW SHARES  
UNDER SPECIFIC MANDATE**

**AND**

**(2) CONNECTED TRANSACTION AND SPECIAL DEALS INVOLVING  
PROPOSED CONVERSION OF  
RELEVANT LOANS OWED TO CEG, MR. HUI AND XIN XIN INTO NEW SHARES**

## **BACKGROUND**

Reference is made to the CEG Announcement regarding, among other things, the CEG Debt Restructuring where, among other things, the treatment of Shares as part of the CEG Debt Restructuring is set out in the CEG Term Sheet.

As contemplated under the CEG Term Sheet, in total (a) 1,749,634,360 existing Shares (equivalent to approximately 16.1% of the total number of issued Shares as at the date of the CEG Term Sheet and the date of this announcement) in connection with the A2 NEV SLNs; and (b) 1,503,503,540 existing Shares (equivalent to approximately 13.9% of the total number of issued Shares as at the date of the CEG Term Sheet and the date of this announcement) in connection with the C2 NEV SLNs, would be deposited into custody accounts. The Shares held under the said custody accounts may be released from custody for sale to a strategic investor under certain conditions set out in the CEG Term Sheet. Any sale of such Shares to a strategic investor shall be made on a pro rata basis between the A2 NEV SLNs and the C2 NEV SLNs.

As contemplated under the CEG Term Sheet, it is also proposed that CEG will issue mandatory exchangeable bonds which are exchangeable into 3,094,810,100 existing Shares (which represents approximately 28.54% of the total number of issued Shares as at the date of the CEG Term Sheet and the date of this announcement), and such Shares shall be deposited in a charged securities account (subject to customary releases).

As part of the CEG Debt Restructuring and in order to lower the level of indebtedness of the Company, the Relevant Loans in the aggregate amount of HK\$20,894,613,901.15 (including the accrued interest up to and including 14 August 2023 with respect to the shareholder's loan provided by CEG) will be converted into new Shares at a conversion price of HK\$3.84 per Share. Among all 4,868,389,036 new Shares converted from the Relevant Loans provided by CEG, Mr. Hui and Xin Xin (including the accrued interest up to and including 14 August 2023 with respect to the shareholder's loan provided by CEG), 3,235,997,326 Shares of which will be deposited into a custody account as exchange property for the MEBs to be issued by CEG and 1,632,391,710 Shares of which will be deposited into custody accounts for the benefit of the A2 NEV SLNs or the C2 NEV SLNs. The Relevant Loans provided by Ms. Ding and Good Bond with an amount of HK\$2,200,000,000 would be converted into new Shares but does not form part of the CEG Debt Restructuring.

#### **PROPOSED CONVERSION OF RELEVANT LOANS INTO NEW SHARES**

On 14 August 2023 (after trading hours), the Company entered into the Share Subscription Agreement and the Set-Off Agreement with each Subscriber (some of whom are connected persons of the Company), pursuant to which each Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to the Subscribers (or any person designated by them), an aggregate of 5,441,305,702 new Shares at the Subscription Price of HK\$3.84 per Subscription 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 the Subscribers.

Pursuant to the Share 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 a total of 4,178,284,870 new Shares (representing approximately 25.66% of the total number of Shares after the Completion) 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 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 the Completion) at HK\$3.84 per Share to be issued to Ms. Ding and Good Bond. The Subscription Shares represent approximately: (a) 50.18% of the Company's total number of issued Shares as at the date of this announcement; and (b) 33.41% of the Company's enlarged total number of issued Shares immediately after the Completion (assuming there is no other change in the Company's total number of issued Shares from the date of this announcement up to the date of Completion).

#### **SPECIFIC MANDATE**

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate proposed to be sought from the Independent Shareholders at the GM. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, (i) CEG is a controlling Shareholder; (ii) Mr. Hui is a controlling shareholder and an executive director of CEG; and (iii) Xin Xin is wholly-owned by Mr. Hui. As such, CEG, Mr. Hui and Xin Xin are all connected persons of the Company. Accordingly, the Subscriptions by CEG, Mr. Hui and Xin Xin constitute connected transactions of the Company under the Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Each of CEG, Mr. Hui and Xin Xin and their respective associates, and those Shareholders who are involved in, or interested in the Subscriptions shall abstain from voting in respect of the Subscriptions at the GM.

#### **TAKEOVERS CODE IMPLICATIONS**

As disclosed in the NWTN Share Subscription Announcement, NWTN 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 NWTN and parties acting in concert with it), unless the Whitewash Waiver is granted by the Executive.

The Subscriptions by CEG, Mr. Hui and Xin Xin pursuant to the terms of the Share 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 by CEG, Mr. Hui and Xin Xin 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 Share 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 Share Subscription Agreement, the Set-Off Agreement and the transactions contemplated thereunder by the Independent Shareholders by way of a poll at the GM.

As disclosed in the NWTN Share Subscription Announcement, NWTN, its associates and any parties acting in concert with it and the Shareholders who are involved in or interested in the NWTN Share Subscription Agreement and the transaction contemplated thereunder, 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 for the NWTN Subscription, the NWTN Share Subscription Agreement and the transactions contemplated thereunder and/or the Whitewash Waiver at a separate general meeting and (ii) the resolutions to approve the Share Subscription Agreement, the Set-Off Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate and the Special Deals) at the GM.

## **GENERAL**

The Company will convene a GM to consider and, if thought fit, approve the Share Subscription Agreement, the Set-Off Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate and the Special Deals). An Independent Board Committee comprising all the independent non-executive Directors (except for Mr. Chau Shing Yim David, who is also an independent non-executive director of CEG) has been established by the Company to consider the Share Subscription Agreement, the Set-Off Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate and the Special Deals), and to advise the Independent Shareholders as to whether the Share Subscription Agreement, the Set-Off Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate and the Special Deals) are on normal commercial terms or better and fair and reasonable, and in the interests of the Company and the Shareholders as a whole. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, amongst other things, (i) further details of the Share Subscription Agreement, the Set-Off Agreement, the transactions contemplated thereunder (including the grant of the Specific Mandate and the Special Deals); (ii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; and (iv) a notice to convene the GM, is expected to be despatched to the Shareholders on or before 21 August 2023.

**Completion is conditional upon the satisfaction of the conditions precedent set out in the section headed “Conditions Precedent” in this announcement. Accordingly, the Subscriptions may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. If they are in any doubt about their position, they should consult their professional advisers.**

## **BACKGROUND**

Reference is made to the CEG Announcement regarding, among other things, the CEG Debt Restructuring where, among other things, the treatment of Shares as part of the CEG Debt Restructuring is set out in the CEG Term Sheet.

As contemplated under the CEG Term Sheet, in total (a) 1,749,634,360 existing Shares (equivalent to approximately 16.1% of the total number of issued Shares as at the date of the CEG Term Sheet and the date of this announcement) in connection with the A2 NEV SLNs; and (b) 1,503,503,540 existing Shares (equivalent to approximately 13.9% of the total number of issued Shares as at the date of the CEG Term Sheet and the date of this announcement) in connection with the C2 NEV SLNs, would be deposited into custody accounts. The Shares held under the said custody accounts may be released from custody for sale to a strategic investor under certain conditions set out in the CEG Term Sheet. Any sale of such Shares to a strategic investor shall be made on a pro rata basis between the A2 NEV SLNs and the C2 NEV SLNs.

As contemplated under the CEG Term Sheet, it is proposed that CEG will issue mandatory exchangeable bonds which are exchangeable into 3,094,810,100 Shares (which represents approximately 28.54% of the total number of issued Shares as at the date of the CEG Term Sheet and the date of this announcement), and such Shares shall be deposited in a charged securities account (subject to customary releases).

As part of the CEG Debt Restructuring and in order to lower the level of indebtedness of the Company, the Relevant Loans in the aggregate amount of HK\$20,894,613,901.15 (including the accrued interest up to and including 14 August 2023 with respect to the shareholder’s loan provided by CEG) will be converted into new Shares at a conversion price of HK\$3.84 per Share. Among all 4,868,389,036 new Shares converted from the Relevant Loans provided by CEG, Mr. Hui and Xin Xin (including the accrued interest up to and including 14 August 2023 with respect to the shareholder’s loan provided by CEG), 3,235,997,326 Shares of which will be deposited into a custody account as exchange property

for the MEBs to be issued by CEG and 1,632,391,710 Shares of which will be deposited into custody accounts for the benefit of the A2 NEV SLNs or the C2 NEV SLNs. The Relevant Loans provided by Ms. Ding and Good Bond with an amount of HK\$2,200,000,000 would be converted into new Shares but does not form part of the CEG Debt Restructuring.

## **PROPOSED CONVERSION OF RELEVANT LOANS INTO NEW SHARES**

On 14 August 2023 (after trading hours), the Company entered into (i) the Share Subscription Agreement (ii) and the Set-Off Agreement with each Subscriber, pursuant to which each Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to the Subscribers (or any person designated by them), an aggregate of 5,441,305,702 new Shares at the Subscription Price of HK\$3.84 per Subscription Share and upon the Completion, the subscription monies due by each Subscriber for its respective Subscription Shares will be offset against the amount of the Relevant Loans.

## **THE SHARE SUBSCRIPTION AGREEMENT AND THE SET-OFF AGREEMENT**

The principal terms of the Share Subscription Agreement and the Set-Off Agreement are as follows:

**Date:** 14 August 2023

**Parties:**

- (a) the Company (as the issuer)
- (b) Good Bond (as a Subscriber)
- (c) Xin Xin (as a Subscriber)
- (d) CEG (as a Subscriber)
- (e) Mr. Hui (as a Subscriber)
- (f) Ms. Ding (as a Subscriber)



## Subscription Shares

Pursuant to the Share Subscription Agreement, the Company conditionally agreed to allot and issue, at a Subscription Price of HK\$3.84 per Subscription Share, and each Subscriber conditionally agreed to subscribe for, the number of Subscription Shares as set out below.

Pursuant to the Set-Off Agreement, the Company and each of the Subscriber acknowledge that as at the date of the Set-Off Agreement, the Company as borrower owes the following sum to the following Subscriber as lender.

Subscriber	Amount of Relevant Loans	Approximate Subscription Amount (HK\$)	Number of Subscription Shares
Good Bond	HK\$600,000,000	600,000,000	156,250,000
Xin Xin	HK\$650,000,000	650,000,000	169,270,833
CEG	US\$2,062,289,705 <sup>Note</sup>	16,044,613,901	4,178,284,870
Mr. Hui	HK\$2,000,000,000	2,000,000,000	520,833,333
Ms. Ding	HK\$1,600,000,000	<u>1,600,000,000</u>	<u>416,666,666</u>
<b>Total</b>		<b><u>20,894,613,901</u></b>	<b><u>5,441,305,702</u></b>

*Note:* The amount of the Relevant Loan provided by CEG comprises (i) the outstanding principal amount of the loan provided by CEG to the Company and (ii) the interest accrued on the outstanding principal amount of such loan up to and including 14 August 2023.

The subscription amount payable by each Subscriber under the Share Subscription Agreement shall be satisfied by way of set-off against the Relevant Loans owed by the Company to each Subscriber in accordance with the terms of the Set-Off Agreement. Upon the allotment and issue of Subscription Shares at Completion, the repayment obligations of the Company for the Relevant Loans owed to each Subscriber will be discharged in full. Under the Set-Off Agreement, CEG waives any interest which may be accrued under the loan provided by it to the Company from 15 August 2023 to the date of Completion.

Assuming that there will be no change in the total number of issued Shares between the date of this announcement and Completion, the total of 5,441,305,702 Subscription Shares represent:

- (i) approximately 50.18% of the total number of issued Shares as at the date of this announcement; and
- (ii) approximately 33.41% of the total number of issued Shares as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Shares are not subject to any lock-up or other disposal restrictions under the Share Subscription Agreement.

## Subscription Price

The Subscription Price of HK\$3.84 per Subscription Share represents:

- (i) a premium of 157.7% to the closing price of HK\$1.49 per Share as of 11 August 2023 market close as quoted on the Stock Exchange on 11 August 2023 (being the Last Trading Day);
- (ii) a premium of 147.4% to the average closing price of HK\$1.552 per Share as quoted on the Stock Exchange for the last 5 trading days immediately preceding the date of the Share Subscription Agreement; and
- (iii) a premium of 129.8% to the average closing price of HK\$1.671 per Share as quoted on the Stock Exchange for the last 10 trading days immediately preceding the date of the Share Subscription Agreement; and
- (iv) represents a premium of HK\$10.77 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 negotiation between the Company and the Subscribers with reference to (i) the exchange price of HK\$3.84 per Share of the China Evergrande New Energy Vehicle Group Limited Mandatory Exchangeable Bonds under the CEG Debt Restructuring and (ii) the reasons for the Subscriptions as set out in the section headed "Reasons for the proposed conversion of Relevant Loans into new Shares and use of proceeds" in this announcement below.

Accordingly, subject to the advice of the Independent Financial Adviser, the members of the Independent Board Committee, consider that the Subscription Price and the terms of the Share Subscription Agreement and the Set-Off Agreement are fair and reasonable, the transactions contemplated under the Share Subscription Agreement and the Set-Off Agreement (including the grant of the Specific Mandate and the Special Deals) are on normal commercial terms and in the interests of the Company and its Shareholders as a whole. (i) Mr. Siu Shawn, an executive Director and the chairman of the Company and an executive director and the chief executive officer of CEG, (ii) Mr. Chau Shing Yim, David, an independent non-executive director of both the Company and CEG, and (iii) Mr. Liu Yongzhuo and Mr. Qin Liyong, who are both executive Directors and holding shares in CEG, have abstained from voting on the relevant Board resolutions approving the Share Subscription Agreement and the Subscriptions since they have material interests in the Share Subscription Agreement and the Set-Off Agreement.

As the subscription amount of the Subscription Shares shall be satisfied by set-off against the Relevant Loans owed by the Company to the Subscribers in accordance with the terms of the Set-Off Agreement, the Group will use its internal resources to settle the professional fees and all related expenses which may be borne by the Company in connection with the Subscriptions.



## **Conditions Precedent**

Completion is conditional upon satisfaction of the following conditions:

- (a) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Subscription Shares (and such listing and permission not being subsequently revoked prior to the Completion);
- (b) the Set-Off Agreement being entered into simultaneously with the Share Subscription Agreement;
- (c) the consent of the Executive in relation to the Special Deals having been obtained, and such consent not having been revoked prior to the Completion; and
- (d) the Independent Shareholders having approved and passed the necessary resolutions at the GM to approve the Subscriptions and the Share Subscription Agreement, the Set-Off Agreement and the transactions contemplated thereunder (including, without limitation, the Specific Mandate and the Special Deals).

The conditions above cannot be waived, whether in whole or in part, by any party to the Share Subscription Agreement. As at the date of this announcement, other than condition precedent (b), none of the conditions have been satisfied.

If the conditions above have not been satisfied by the Longstop Date, the Share Subscription Agreement shall automatically terminate with immediate effect, save for certain surviving clauses in the Share Subscription Agreement, without prejudice to any rights or remedies of the parties to the Share Subscription Agreement which have accrued prior to such termination.

## **Completion**

Under the Share Subscription Agreement, the Completion will take place on the fifth (5) Business Day after the satisfaction of the last of the conditions, or such other date as may be agreed between the Company and the Subscribers in writing. The Completion shall not take place unless all Subscriptions by each Subscriber as contemplated under the Share Subscription Agreement are completed simultaneously.

Under the Set-Off Agreement, upon the Completion, on condition that the Company fulfils its obligations under the relevant provisions of the Share Subscription Agreement, each of the Subscriber as subscriber becomes liable to pay a sum equal to the amount of Relevant Loans to the Company as issuer under the Share Subscription Agreement. The Company and each of the Subscribers agrees to, with effect from the Completion, offset the subscription price due by each Subscriber to the Company against the Relevant Loan owed by the Company to such Subscriber, and accordingly, each of the Company and the relevant Subscriber acknowledges and agrees that the obligation of such Subscriber to pay to the Company the above subscription price and the indebtedness in the amount equivalent to the amount of the Relevant Loan owed by the Company to such Subscriber shall be wholly satisfied and extinguished and discharged in full with effect from the Completion.

## Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, shall rank equally in all respects with the existing Shares in issue at the date of allotment and issue of the Subscription Shares.

## EFFECT OF THE SUBSCRIPTION SHARES ON THE SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion, assuming there will be no change in the total number of issued Shares of the Company between the date of this announcement and the Completion Date:

Shareholders	As at the date of this announcement		Immediately after Completion	
	Number of Shares	Approximate % Note 1	Number of Shares	Approximate % Note 1
CEG <sup>Note 2</sup>	6,347,948,000	58.54	10,526,232,870 <sup>Note 3</sup>	64.64
NWTN	—	—	—	—
Mr. Hui (other than through CEG)	—	—	690,104,166 <sup>Note 4</sup>	4.24
<i>Sub-total of NWTN and parties acting in concert with it</i>	6,347,948,000	58.54	11,216,337,036	68.88
Siu Shawn, a Director <sup>Note 5</sup>	4,600,000	0.04	4,600,000	0.03
Liu Yongzhuo, a Director <sup>Note 5</sup>	1,653,500	0.02	1,653,500	0.01
Qin Liyong, a Director <sup>Note 5</sup>	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>
Ms. Ding <sup>Note 6</sup>	—	—	572,916,666	3.52
Mr. Liu Zhen <sup>Note 7</sup>	150,000	0.00	150,000	0.00
Other public Shareholders	4,488,055,500	41.39	4,488,055,500	27.56
<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>
<b>Total</b>	<u>10,843,793,000</u>	<u>100.00</u>	<u>16,285,098,702</u>	<u>100.00</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 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 (iii) 128,398,000 Shares held by itself in its capacity as beneficial owner.
3. Pursuant to the Share 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 a total of 4,178,284,870 new Shares (representing approximately 25.66% of the total number of Shares after the Completion) at HK\$3.84 per Share. Under the Set-Off Agreement, CEG waives any interest which may be accrued under the loan provided by it to the Company from 15 August 2023 to the date of the Completion. The new Shares to be issued to CEG as a result of the conversion of the Shareholder's loan 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 Share 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 conversion of Shareholders' loans will be deposited into a custody account and used as additional exchange property for the MEBs.
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 NWTN Share Subscription, the Whitewash Waiver and/or the Special Deals.
6. Pursuant to the Share Subscription Agreement, 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 (approximately 3.52% of the total number of the issued Shares after the Completion) at HK\$3.84 per Share.
7. Mr. Liu Zhen is a director of CEG.

## **FUND RAISING EXERCISE IN THE PRIOR 12-MONTH PERIOD**

Save for the NWTN Subscription, the Company has not carried out any equity fund raising exercise in the 12-month period immediately preceding the date of this announcement. Please refer to the NWTN Subscription Announcement for the details of the funds raised on the NWTN Share Subscription and the intended use of the net proceeds from the NWTN Subscription.

## **INFORMATION ON THE COMPANY AND THE SUBSCRIBERS**

### **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.

## The Subscribers

Information about each Subscriber is set out below.

- Good Bond** Good Bond is an investment holding company incorporated in Hong Kong which is wholly-owned by Ms. Ding. Ms. Ding is a third party independent of the Company and its connected persons.
- Xin Xin** Xin Xin is an investment holding company incorporated in the British Virgin Islands which is wholly-owned by Mr. Hui.
- CEG** CEG is a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange. CEG is a conglomerate and is principally engaged in the property development, property investment, property management, new energy vehicle development and production, and cultural tourism business in the PRC. 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 NWTN Share Subscription Agreement and the transactions contemplated thereunder and/or the Whitewash Waiver at a separate general meeting and (ii) the resolutions to approve the Share Subscription Agreement, the Set-Off Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate and the Special Deals) at the GM.
- Mr. Hui** Mr. Hui Ka Yan is the founder of CEG, controlling shareholder, executive director and the chairman of the board of directors of CEG.
- Ms. Ding** Ms. Ding is a third party independent of the Company and its connected persons. 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.

## INFORMATION ON THE RELEVANT LOANS

The principal terms of the Relevant Loans are as follows:

Shareholder/Lender	Principal Amount	Term	Interest rate per annum	Security	Early Repayment terms
Good Bond	HK\$600,000,000	12 months commencing from 10 November 2021 and expiring on 9 November 2022 (or any other date as agreed by the parties in writing)	0%	Unsecured	The Company may repay the loan in whole or in part to Good Bond at any time prior to the maturity date.
Xin Xin	HK\$650,000,000	12 months commencing from 29 November 2021 and expiring on 28 November 2022 (or any other date as agreed by the parties in writing)	0%	Unsecured	The Company may repay the loan in whole or in part to Xin Xin at any time prior to the maturity date, if all other debts created outside of the PRC payable by the Company to Xin Xin have been repaid.
CEG	US\$1,767,815,270.43	5 years commencing from 15 July 2021 and expiring on 15 July 2026 (or any other date as agreed by the parties in writing) with an option for the Company to extend the maturity date to 15 July 2029 upon expiry	8% (interest accrued up to and including 14 August 2023)	Unsecured	The Company may repay the loan in whole or in part to CEG at any time prior to the maturity date, upon giving prior written notice to CEG.

Shareholder/Lender	Principal Amount	Term	Interest rate per annum	Security	Early Repayment terms
Mr. Hui	HK\$2,000,000,000	<p>(1) in respect of HK\$500,000,000, 12 months commencing from 20 September 2021 and expiring on 19 September 2022 (or any other date as agreed by the parties in writing); and</p> <p>(2) in respect of HK\$1,500,000,000, 12 months commencing from 28 September 2021 and expiring on 27 September 2022 (or any other date as agreed by the parties in writing)</p>	0%	Unsecured	The Company may repay the loan in whole or in part to Mr. Hui at any time prior to the maturity date.
Ms. Ding	HK\$1,600,000,000	<p>(1) in respect of HK\$1,400,000,000, 12 months commencing from 7 January 2022 and expiring on 6 January 2023 (or any other date as agreed by the parties in writing); and</p> <p>(2) in respect of HK\$200,000,000, 12 months commencing from 9 September 2022 and expiring on 8 September 2023 (or any other date as agreed by the parties in writing)</p>	0%	Unsecured	The Company may repay the loan in whole or in part to Ms. Ding at any time prior to the maturity date, if all other debts created outside of the PRC payable by the Company to Ms. Ding have been repaid.



## **REASONS FOR THE PROPOSED CONVERSION OF RELEVANT LOANS INTO NEW SHARES AND USE OF PROCEEDS**

The Relevant Loans, subject to obtaining relevant approvals, will be converted into new Shares in the Company at the Subscription Price of HK\$3.84 per share, which is the same as the exchange price of HK\$3.84 per Share under the mandatory exchangeable bonds proposed to be issued by CEG under the CEG Debt Restructuring. The proposed conversion of the Relevant Loans enables the Company to deleverage its balance sheet, allows easier access to financing going forward, and paves the way for any strategic investor should opportunities arise. It also reflects the long-term support from the Subscribers to the Group through conversion of its debt claim into equity.

As disclosed in the announcement of annual results of the Company for the year ended 31 December 2022 dated 26 July 2023, the Company had a total liabilities of approximately RMB64,870 million (including its new energy vehicle segment and battery segment but excluding its real estate segment) as at 31 December 2022. In light of the above and in view of the Group's current cash level and financing needs for future business development, the Board has reviewed and explored different approaches to settle the Relevant Loans, and considered that the full repayment of Relevant Loans by cash will have adverse impact on the cashflow and financial stability of the Group. Having considered (i) the settlement of the entire Relevant Loans by way of set-off against the subscription amount of the Subscription Shares upon Completion does not cause liquidity pressure for the Group; and (ii) the conversion of the Relevant Loans into the Subscription Shares helps ease the liability and interest burden of the Group and thus improves its liquidity and profitability, the Directors believe that the issue of the Subscription Shares is the most effective and suitable for enhancing the financial position and working capital of the Group, and strengthening the Group's capital base and reducing the indebtedness of the Group.

The members of the Independent Board Committee, subject to the advice of the Independent Financial Adviser, consider that the terms of the Share Subscription Agreement and Set-Off Agreement, which were arrived at after arm's length negotiations between the Company and the Subscriber, are fair and reasonable, the transactions contemplated under the Share Subscription Agreement and the Set-Off Agreement (including the grant of the Specific Mandate and the Special Deals) are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Since the aggregate subscription price of the Subscription Shares will be fully offset against the Relevant Loans, no cash proceeds will be received by the Company from the issue of the Subscription Shares.

### **SPECIFIC MANDATE**

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate proposed to be sought from the Independent Shareholders at the GM.

## **APPLICATION FOR LISTING**

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

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, (i) CEG is a controlling Shareholder of the Company; (ii) Mr. Hui is a controlling shareholder and an executive director of CEG; and (iii) Xin Xin is wholly-owned by Mr. Hui. As such, CEG, Mr. Hui and Xin Xin are all connected persons of the Company. Accordingly, the Subscriptions by CEG, Mr. Hui and Xin Xin constitute connected transactions of the Company under the Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Each of CEG, Mr. Hui and Xin Xin and their respective associates, and those Shareholders who are involved in, or interested in the Subscriptions shall abstain from voting in respect of the Subscriptions at the GM.

Mr. Siu Shawn, an executive Director and the chairman of the Company, who is also an executive director and the chief executive officer of CEG, as well as Mr. Chau Shing Yim, David, an independent non-executive Director, who is also an independent non-executive director of CEG, as well as Mr. Liu Yongzhuo and Mr. Qin Liyong who are both executive Directors and holding shares in CEG, have abstained from voting on the relevant Board resolutions approving the Share Subscription Agreement and the Subscriptions since they have material interests in the Share Subscription Agreement. Save as disclosed above, none of the other Directors has material interests in the Share Subscription Agreement and therefore no other Director has abstained from voting on the relevant Board resolutions approving the Share Subscription Agreement and the transactions contemplated thereunder.

## **TAKEOVERS CODE IMPLICATIONS**

As disclosed in the NWTN Share Subscription Announcement, NWTN 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 NWTN and parties acting in concert with it), unless the Whitewash Waiver is granted by the Executive.

The Subscriptions by CEG, Mr. Hui and Xin Xin pursuant to the terms of the Share 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 by CEG, Mr. Hui and Xin Xin 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 Share 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 Share Subscription Agreement, the Set-Off Agreement and the transactions contemplated thereunder by the Independent Shareholders by way of a poll at the GM.

As disclosed in the NWTN Share Subscription Announcement, NWTN, its associates and any parties acting in concert with it and the Shareholders who are involved in or interested in the NWTN Share Subscription Agreement and the transaction contemplated thereunder, 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 NWTN Share Subscription Agreement and the transactions contemplated thereunder and/or the Whitewash Waiver at a separate general meeting and (ii) the resolutions to approve the Share Subscription Agreement, the Set-Off Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate and the Special Deals) at the GM.

## **GENERAL**

The Company will convene a GM to consider and, if thought fit, approve the Share Subscription Agreement, the Set-Off Agreement, the transactions contemplated thereunder (including the grant of the Specific Mandate and the Special Deals). An Independent Board Committee comprising all the independent non-executive Directors (except for Mr. Chau Shing Yim David who is also an independent non-executive director of CEG) has been established by the Company to consider the Share Subscription Agreement, the Set-Off Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate and the Special Deals), and to advise the Independent Shareholders as to whether the Share Subscription Agreement, the Set-Off Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate and the Special Deals) are on normal commercial terms or better and fair and reasonable, and in the interests of the Company and the Shareholders as a whole. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, amongst other things, (i) further details of the Share Subscription Agreement, the Set-Off Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate and the Special Deals); (ii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; and (iv) a notice to convene the GM, is expected to be despatched to the Shareholders on or before 21 August 2023.

## **WARNING**

**Completion is conditional upon the satisfaction of the conditions precedent set out in the section headed “Conditions Precedent” in this announcement. Accordingly, the Subscriptions may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. If they are in any doubt about their position, they should consult their professional advisers.**

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“A2 NEV SLNs”	means China Evergrande Group NEV Linked New Notes A2 to be issued by CEG, details of which are set out in the CEG Term Sheet and the CEG Announcement
“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
“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	means the board of Directors
“Business Day”	means a day (excluding a Saturday and Sunday and any day on which typhoon signal No. 8 or above is hoisted or the black rainstorm warning signal is issued during the period from 9:00 a.m. to 5:00 p.m. on any weekday) on which commercial banks in Hong Kong are generally open for business in Hong Kong
“C2 NEV SLNs”	means China Evergrande Group NEV Linked New Notes C2 to be issued by CEG, details of which are set out in the CEG Term Sheet and the CEG Announcement
“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 Announcement”	means the announcement of CEG dated 22 March 2023 in relation to, among others, the principal terms of the CEG Debt Restructuring
“CEG Debt Restructuring”	means the proposed restructuring of the offshore indebtedness of CEG and its subsidiaries (excluding the Group), the principal terms of which are set out in the CEG Announcement
“CEG Schemes”	means schemes of arrangement or other arrangements in the Cayman Islands, Hong Kong and/or other applicable jurisdictions to be implemented by CEG for the CEG Debt Restructuring, details of which are set out in the CEG Announcement

“CEG Term Sheet”	means a term sheet for the CEG Schemes among Mr. Hui, CEG and members of an ad hoc committee of holders of certain notes issued by CEG (as amended and supplemented from time to time), the details of the original term sheet are set out in the CEG Announcement
“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)
“Completion”	means the completion of the Subscriptions in accordance with the terms and conditions of the Share Subscription Agreement
“Completion Date”	means the date which is the fifth Business Day after the date (not being later than the Longstop Date) on which the last of the conditions precedent is satisfied, or such other date as may be agreed between the Company and the Subscribers in writing
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“connected transaction”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	means the director(s) of the Company
“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
“Executive”	means the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“GM”	means the general meeting of the Company to be convened to consider, if thought fit, to approve the Share Subscription Agreement, the Set-Off Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate and the Special Deals)
“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\$”	means Hong Kong Dollar, the lawful currency of Hong Kong

“Hong Kong”	means 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 NWTN Share Subscription Agreement and the transactions contemplated thereunder, the Whitewash Waiver, the Share Subscription Agreement, the Set-Off Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate and/or the Special Deals), namely, Mr. Guo Jianwen and Mr. Xie Wu
“Independent Financial Adviser”	means Maxa Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Share Subscription Agreement, the Set-Off Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate and the Special Deals)
“Independent Shareholder(s)”	means Shareholder(s) other than (i) NWTN, 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, NWTN Share Subscription Agreement, the Set-Off Agreement and the transactions contemplated thereunder, 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
“Longstop Date”	means 31 December 2023, or such other date as the Company and the Subscribers may agree in writing
“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 founder, controlling shareholder and executive director of CEG
“NWTN”	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), the subscriber under NWTN Share Subscription Agreement
“NWTN Share Subscription Agreement”	means the share subscription agreement dated 14 August 2023 and entered into among the Company, NWTN, CEG and Mr. Hui in relation to the NWTN Subscription
“NWTN Share Subscription Announcement”	means the announcement of the Company dated 14 August 2023 in respect of, among other things, the share subscription agreement entered into among the Company, NWTN, CEG and Mr. Hui in relation to the NWTN Subscription
“NWTN Subscription”	means the subscription of 6,177,106,404 Shares by NWTN Inc. pursuant to the terms and conditions of the NWTN 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 the Subscribers, pursuant to which, the parties thereto agree that the subscription amount payable by each of the Subscribers under the Share Subscription Agreement will be offset against the equivalent amount of the Relevant Loans owed by the Company to that Subscriber
“SFC”	means Securities and Futures Commission of Hong Kong
“Share(s)”	means the ordinary share(s) of the Company

“Shareholder(s)”	means the holder(s) of the Shares
“Share Subscription Agreement”	means the subscription agreement dated 14 August 2023 entered into between the Company and the Subscribers in relation to the Subscriptions
“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 the Subscriptions by CEG, Mr. Hui and Xin Xin pursuant to the terms of the Share Subscription Agreement and the Set-Off Agreement constituting special deals under Rule 25 of the Takeovers Code
“Specific Mandate”	means the specific mandate proposed to be granted to the Board to allot and issue the Subscription Shares to the Subscribers at the Subscription Price
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Subscriber(s)”	means Good Bond, Xin Xin, CEG, Mr. Hui and Ms. Ding, all being subscribers of the Subscription Shares pursuant to the terms of the Share Subscription Agreement, and each of them, a “Subscriber”
“Subscriptions”	means the subscription of the Subscription Shares by each Subscriber pursuant to the terms of the Share Subscription Agreement
“Subscription Price”	means the subscription price of HK\$3.84 per Subscription Share for the Subscriptions
“Subscription Share(s)”	means an aggregate of 5,441,305,702 new Shares to be allotted and issued to the Subscribers pursuant to the terms of the Share Subscription Agreement
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	means the Code on Takeovers and Mergers (as amended, modified and supplemented from time to time)

- “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 NWTN 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 NWTN and parties acting in concert with it as a result of NWTN Subscription
- “Xin Xin” means Xin Xin (BVI) Limited (鑫鑫(BVI)有限公司), a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Hui
- “%” means per cent.

By order of the Board  
**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 of the Company are Mr. SIU Shawn, Mr. LIU Yongzhuo and Mr. QIN Liyong; and the independent non-executive directors of the Company are Mr. CHAU Shing Yim David, Mr. GUO Jianwen and Mr. XIE Wu.*

*The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement 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.*