恒大汽车
EVERGRANDE AUTO

CHINA EVERGRANDE NEW ENERGY VEHICLE GROUP LIMITED
中國恒大新能源汽車集團有限公司

(a company incorporated in Hong Kong with limited liability)

(Stock Code: 708)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021 AND CONTINUING CONNECTED TRANSACTIONS

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of China Evergrande New Energy Vehicle Group Limited is pleased to present the audited annual results of the Company and its subsidiaries for the year ended 31 December 2021 together with comparative figures stated in this announcement for reference.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	**2021**	2020
		RMB'000	*RMB'000*
			(Restated)
Revenue	*3*	**2,531,219**	15,486,625
Cost of sales		**(3,363,055)**	(12,696,325)
Gross (loss) profit		**(831,836)**	2,790,300
Other costs, net		**(746,504)**	(6,909)
Other (losses) gains, net		**(7,973,003)**	214,636
Selling and marketing costs		**(4,049,104)**	(2,237,848)
Administrative expenses		**(8,667,144)**	(4,074,740)
Net impairment losses on financial assets		**(2,301,200)**	(37,022)
Fair value losses on investment properties		**(323,430)**	(126,420)
Net impairment losses on property, plant and equipment, intangible assets and goodwill		**(11,483,436)**	(1,039,778)
Net impairment losses on properties under development, completed properties held for sale and inventories		**(16,808,739)**	(95,477)
Operating loss		**(53,184,396)**	(4,613,258)

	Note	2021 RMB'000	2020 RMB'000 (Restated)
Finance income		**92,311**	146,351
Finance costs		**(2,700,029)**	(2,841,482)
Finance costs, net		**(2,607,718)**	(2,695,131)
Share of losses of investments accounted for using the equity method		**(104,487)**	(59,173)
Fair value losses on financial assets at fair value through profit or loss		**(1,382,383)**	(27,701)
Loss before income tax		**(57,278,984)**	(7,395,263)
Income tax credit (expenses)	*4*	**934,606**	(269,644)
Loss for the year		**(56,344,378)**	(7,664,907)
Other comprehensive income:			
Items that may be reclassified to profit and loss:			
Currency translation differences		**(236,880)**	2,749,478
		(236,880)	2,749,478
Total comprehensive loss for the year		**(56,581,258)**	(4,915,429)

	Note	2021 RMB'000	2020 RMB'000 (Restated)
Loss attributable to:			
Owners of the Company		**(56,274,540)**	(7,394,075)
Non-controlling interests		**(69,838)**	(270,832)
Loss for the year		**(56,344,378)**	(7,664,907)
Total comprehensive loss attributable to:			
Owners of the Company		**(56,511,420)**	(4,557,182)
Non-controlling interests		**(69,838)**	(358,247)
Total comprehensive loss for the year		**(56,581,258)**	(4,915,429)
Loss per share for loss attributable to owners of the Company (expressed in RMB cents per share)			
— Basic loss per share	*5*	**(585.319)**	(85.103)
— Diluted loss per share	*5*	**(585.319)**	(85.103)

CONSOLIDATED BALANCE SHEET

As at 31 December 2021

	Note	2021 RMB'000	2020 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**20,988,979**	17,058,834
Right-of-use assets		**3,910,322**	4,709,499
Investment properties		**614,670**	938,100
Intangible assets		**6,524,103**	10,243,587
Goodwill		**—**	6,244,210
Trade receivables		**—**	139,361
Prepayments		**774,557**	1,285,886
Investments accounted for using the equity method		**258,475**	1,460,784
Financial assets at fair value through profit or loss		**501,493**	4,454,618
Deferred income tax assets		**151,035**	308,369
		33,723,634	46,843,248
Current assets			
Contract acquisition costs		**796,086**	601,355
Trade and other receivables and prepaid taxes	*6*	**18,812,867**	7,973,999
Prepayments		**2,570,889**	6,386,076
Properties under development		**73,355,683**	61,126,374
Completed properties held for sale		**6,593,100**	12,678,679
Inventories		**200,496**	310,350
Financial assets at fair value through profit or loss		**2,255,396**	—
Restricted cash		**2,808,700**	3,668,420
Cash and cash equivalents		**2,452,523**	10,476,239
		109,845,740	103,221,492
Total assets		**143,569,374**	150,064,740

	Note	2021 RMB'000	2020 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital and share premium		**28,124,101**	3,759,410
Reserves		**3,825,320**	3,187,047
Accumulated losses		**(71,241,322)**	(12,997,113)
		(39,291,901)	(6,050,656)
Non-controlling interests		**(47,081)**	212,134
Total deficit		**(39,338,982)**	(5,838,522)
LIABILITIES			
Non-current liabilities			
Lease liabilities		**694,914**	589,422
Deferred income		**2,821,150**	2,641,094
Borrowings		**11,271,059**	55,915,728
Deferred income tax liabilities		**1,024,395**	2,216,209
		15,811,518	61,362,453
Current liabilities			
Contract liabilities		**65,249,638**	23,464,876
Lease liabilities		**318,818**	214,351
Trade and other payables	7	**71,741,863**	52,964,764
Borrowings		**29,393,849**	16,290,530
Current income tax liabilities		**392,670**	1,606,288
		167,096,838	94,540,809
Total liabilities		**182,908,356**	155,903,262
Total deficit and liabilities		**143,569,374**	150,064,740

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

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

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

The Company will deliver the consolidated financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

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

2 BASIS OF PREPARATION

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

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

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

(ii) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through profit or loss, which are carried at fair value.

(iii) Liquidity and going concern

The Group incurred loss of RMB56,344 million (2020: RMB7,665 million) for the year ended 31 December 2021. As at 31 December 2021, the accumulated losses and the shareholders' deficit of the Group amounted to RMB71,241 million (2020: RMB12,997 million) and RMB39,339 million (2020: RMB5,839 million), respectively. Cash and cash equivalents as at 31 December 2021 were RMB2,453 million (2020: RMB10,476 million).

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

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

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

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

(ii) The Group is still actively in the process of negotiating with various bank, other financial institutions, third parties and related parties to renew its existing borrowings and corporate bonds which will be matured within twelve months after 31 December 2021 and to raise short-term and/or long-term financing to the Group so that the Group will be able to meet all financial obligations as and when they fall due in the coming twelve months (the "**Financing Plan**").

The Directors have reviewed the Group's cash flow projections prepared by the management of the Company. The cash flow projections cover a period of not less than twelve months from 31 December 2021. They are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2022. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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

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

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

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

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

(iv) Change on accounting treatment

Change in Accounting Treatment for Timing of Revenue Recognition

Prior to 2021, the Group considered that the revenue is recognised when the earlier of the acceptance of the property by the customer or according to the sales contract, the property was deemed to have been accepted by the customer. However, since 2021, due to the Group gradually facing liquidity difficulties, the Group believes that including the requirement for obtaining project completion certificates or owner occupancy as an additional condition for revenue recognition would better reflect the Group's situation and have practical operability.

Cumulative Impact

According to HKAS 8, a change in accounting treatment should be applied retrospectively to historical financial statements. However, after the company experienced liquidity problems, a large number of financial and engineering staff left and the Group was unable to identify or estimate the effect of implementing the change in revenue recognition treatment on historical financial statements. Therefore, the Group decided to make the change in revenue recognition treatment effective from 1 January 2021 and apply the new treatment from this financial year onwards. At the same time, the Group will reassess revenue as of 1 January 2021 to confirm whether the new revenue recognition criteria have been met.

According to the new accounting treatment, as at 1 January 2021, included in contract liabilities, balance exclusive of value-added tax amounting to RMB18,433 million had not been recognised as revenue, and will be recognized as revenue in the reporting periods when the corresponding conditions are met. The management of the Group believes that this change in accounting treatment can better reflect the operating performance and financial condition of the Group.

The following is the impact of the change in accounting treatment:

Consolidated balance sheet	*RMB'000*
Assets	
— Trade and other receivables	(155,513)
— Prepayment	371,506
— Properties under development and completed properties held for sales	4,188,231
	4,404,224
Liabilities	
— Income tax payable	(1,388,353)
— Trade and other payables	(12,338,168)
— Contract liabilities	20,090,944
	6,364,423
Net liabilities	(1,960,199)
Equity	
— Non-controlling interests	(39,081)
— Accumulated losses	(1,921,118)
	(1,960,199)

3 REVENUE

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

	2021	2020
	RMB'000	*RMB'000*
Health Management		
Sales of health and living projects (i)	**2,388,362**	15,267,584
Income from medical cosmetology and health management (ii)	**63,765**	30,963
Rental income	**6,716**	545
	2,458,843	15,299,092
New Energy Vehicle		
Sales of lithium batteries (i)	**9,919**	81,620
Provision of technical services (ii)	**60,709**	60,498
Sales of vehicle components (i)	**1,748**	45,415
	72,376	187,533
	2,531,219	15,486,625

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

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

4 INCOME TAX EXPENSE

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

	2021	2020
	RMB'000	*RMB'000*
Current income tax:		
PRC corporate income tax	**24,733**	704,045
PRC land appreciation tax	**75,141**	178,207
	99,874	882,252
Deferred income tax:		
PRC corporate income tax	**(1,034,480)**	(510,205)
PRC land appreciation tax	**—**	(102,403)
	(1,034,480)	(612,608)
	(934,606)	269,644

5 LOSS PER SHARE

(a) Basic

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

	2021	2020
Loss attributable to shareholders of the Company (RMB'000)	**(56,274,540)**	(7,394,075)
Weighted average number of ordinary shares for the purpose of basic loss per share (thousands)	**9,614,331**	8,688,378
Basic loss per share (RMB cents per share)	**(585.319)**	(85.103)

(b) Diluted

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

	2021	2020
Loss attributable to shareholders of the Company (RMB'000)	**(56,274,540)**	(7,394,075)
Weighted average number of ordinary shares for the purpose of basic loss per share (thousands)	**9,614,331**	8,688,378
Adjustments for share options	**—**	—
Weighted average number of ordinary shares for diluted loss per share (thousands)	**9,614,331**	8,688,378
Diluted loss per share (RMB cents per share)	**(585.319)**	(85.103)

6 TRADE RECEIVABLES

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

	2021	2020
	RMB'000	*RMB'000*
Within 90 days	**39,260**	612,595
91 days and within 180 days	**76,380**	231,596
181 days and within 365 days	**50,493**	99,098
Over 365 days	**109,498**	194,136
	275,631	1,137,425

7 TRADE PAYABLES

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

	2021	2020
	RMB'000	*RMB'000*
0–90 days	**13,124,375**	15,219,004
91–180 days	**6,363,128**	6,393,104
Over 180 days	**22,164,389**	17,749,959
	41,651,892	39,362,067

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

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

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of the Group, which comprise the consolidated statement of financial position as at 31 December 2021 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Disclaimer of Opinion

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

As described in note 2 to the consolidated financial statements, the Group incurred a net loss of approximately RMB56,344,378,000 for the year ended 31 December 2021 and had net current liabilities of RMB57,251,098,000 as at 31 December 2021 and the Group's cash and cash equivalents amounted to RMB2,452,523,000 only. These conditions, along with other matters as described in note 2 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

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

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

During the year ended 31 December 2021, the Group experienced liquidity issues which led to departure of certain staff. The staff departure has resulted in the inability of the Company and us to obtain sufficient information for the purpose of auditing opening balances despite the directors' best efforts and all reasonable steps taken by them to resolve the relevant issues. We encountered difficulties in obtaining complete and timely data and records relating to the opening balances of the Group.

We were unable to obtain all necessary written representations from management to corroborate information provided to us during the course of our audit for completeness and accuracy of data relating to opening balances. These scope limitations significantly impaired our ability to obtain sufficient appropriate audit evidence and increased the risk of material misstatements remaining undetected. Furthermore, as described in note 2 to the financial statements, the Company considered it impracticable to apply the revenue recognition treatment retrospectively as required by HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors due to certain facts and circumstances. However, we were unable to obtain sufficient appropriate audit evidence to corroborate the impracticability asserted by the Company. As such, we are unable to determine whether the changes in accounting policies have been appropriately applied in accordance with HKAS 8. In this regard, we are unable to satisfy ourselves as to the accuracy of the opening balances of the Group and whether all transactions of the Group for the year ended 31 December 2021 have been properly recorded in the Group's consolidated financial statements. In addition, we are unable to determine whether any adjustments might be necessary in respect of recorded or unrecorded transactions that constitute elements making up the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2021.

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

Consequently, in the absence of sufficient supporting documents and details of explanations relating to opening balances and comparative information, we have not been able to obtain sufficient appropriate audit evidence regarding the account balances as at 31 December 2020 and the results and cash flows of the Group for the year ended that date and the related notes to the consolidated financial statements. Any necessary adjustments found to be required to the consolidated statement of financial position as at 31 December 2020 and 1 January 2021 would have corresponding effects on the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2021.

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

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

<table>
<tr><th></th><th>Material matters relating to the audit of the Group's consolidated financial statements</th><th>Audit procedure</th></tr>
<tr><td>1.</td><td>Its request to the Company's audit committee to establish an independent investigation committee and to engage an independent third party to assist in investigating the possible existence of offbalance sheet wealth management products as well as other off-balance sheet liabilities and undisclosed arrangements on pledge of deposit of the Group, and to provide relevant investigation reports and information. At present, PwC has not been informed of the progress of such independent investigation and has not received the relevant investigation reports and information.</td><td>The independent auditors have reviewed the independent investigation report (the "Report") conducted by Crowe LLP on the possible existence of off-balance sheet wealth management products, as well as other off-balance sheet liabilities and undisclosed arrangements on pledge of deposit of the Company. The Report confirmed that the Company did not have such material off-balance sheet transactions, assets, or liabilities. In terms of the Report, the independent auditors have completed the following works specifically:

1. the independent auditors have obtained the Report and have verified that the Report covers all potential off-balance sheet transactions and arrangements;
2. the independent auditors have assessed the adequacy of investigation methods through interviewing key personnel, examining internal documents, and browsing external information et cetera.; and
3. the independent auditors have examined whether the Report conclusion is clear, precise and fully supported by the evidence.</td></tr>
</table>

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The principal business activities of China Evergrande New Energy Vehicle Group Limited (the "**Company**") and its subsidiaries (the "**Group**") include the technology research and development ("**R&D**") and manufacturing of, and sales services in respect of new energy vehicles (collectively, the "**New Energy Vehicle Segment**"), as well as the health management businesses including "Internet+" community health management, international hospitals, elderly care and rehabilitation (collectively, the "**Health Management Segment**").

New Energy Vehicle Segment

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

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

The New Energy Vehicle Segment of the Group achieved promising progress for the twelve months ended 31 December 2021 (the "**Reporting Period**").

The New Energy Vehicle Segment of the Group released a smart vehicle operating system after nearly two years of development. This system is designed to create an industry-leading intelligent cockpit through various technologies, including an AI assistant. In the same year, the New Energy Vehicle Segment of the Group also released an automatic parking system which integrates various sensors such as ultrasonic radar, millimeter wave radar and high-definition surround view cameras. This system can accurately identify vehicle location and surrounding obstacles, and achieve specific intelligent driving functions in scenarios such as narrow road cruising, pedestrian avoidance, vehicle obstacle avoidance, automatic car following and automatic parking space identification.

The New Energy Vehicle Segment of the Group further established R&D bases in Shenzhen and Shanghai, focusing on the deployment of lithium-ion batteries, solid state batteries, battery materials, battery management system, and forward-looking development and application of next-generation battery technologies. In the same year, the New Energy Vehicle Segment applied for a total of 3,227 patents in the PRC and overseas, 1,793 of which have been granted patents. These patents cover core areas including pure electric chassis architecture, suspension system, steering control, vehicle control, thermal management system, batteries, battery module and battery pack, battery management system, motors and electronic control, electronic and electrical architecture, body of vehicles and interior and exterior trim, Internet of vehicles and autonomous driving.

Health Management Segment

During the Reporting Period, the Group continued to uphold the innovative service concept of integrating medical insurance with health management, medical care, rehabilitation and elderly care. It provided, through a membership platform, a full cycle of high quality and multi-dimensional health services to its members. It has also developed and formulated an all-rounded and all-age healthcare service standard, and proceeded with the development of Evergrande Elderly Care Valley. However, due to strategic considerations of the Group, in August 2021, it was decided that this business segment would be phased out, and resources shall be focused on the development of the Group's New Energy Vehicle Segment moving forward.

Financial Review

I. ***Liabilities***

The total liabilities in the 2021 statement were RMB182,908.36 million, and the liabilities after excluding the receipts in advance of RMB65,249.64 million were RMB117,658.72 million, representing a year-on-year decrease of RMB14,779.67 million compared to RMB132,438.39 million, the liabilities after excluding receipts in advance in 2020. Among which:

1. *Borrowings*

As at 31 December 2021, the Group's borrowings amounted to RMB40,664.91 million, representing a decrease of RMB31,541.35 million compared to RMB72,206.26 million in 2020.

Part of the borrowings is secured by the property and equipment, land use rights, investment properties, properties under development, completed properties held for sale and equity interests of several subsidiaries within the Group. As at 31 December 2021, the average annual interest rate of the borrowings was 8.56% (31 December 2020: 8.98%).

2. *Trade and Other Payables*

As at 31 December 2021, the Group's trade and other payables amounted to RMB71,741.86 million, representing an increase of RMB18,771.10 million compared to RMB52,964.76 million in 2020.

3. *Other Liabilities*

As at 31 December 2021, the Group's other liabilities amounted to RMB5,251.95 million.

II. *Operating Loss during the Reporting Period*

Revenue

During the Reporting Period, the Group's turnover amounted to RMB2,531.22 million, representing a sharp decrease of 83.66% as compared to RMB15,486.63 million in 2020. The decrease in turnover was mainly attributable to the decrease in revenue generated by the Health Management Segment. The revenue of the segment from sales of health and living projects had decreased by 84.36% from RMB15,267.58 million in 2020 to RMB2,388.36 million in 2021, primarily due to an increased number of sales of health and living projects that were under a discount in order for the Group to maintain cash flow and as a result of the overall market downturn. Nevertheless, there were sub-segment revenue increases in (i) the income from medical cosmetology and health management, which included service revenue generated from the Group's hospitals, from RMB30.96 million to RMB63.77 million; and (ii) rental income, from RMB0.54 million to RMB6.72 million, which were mostly attributable to the increase in number of residents and subscription members.

During the Reporting Period, there was a decrease in the revenue generated by the New Energy Vehicle Segment of the Group, by 61.41% from RMB187.53 million in 2020 to RMB72.38 million. This was mainly due to a decrease in revenue from battery sales in anticipation of new battery products being further modified and upgraded, and the disposal of the Group's existing battery inventories during the Reporting Period. On the other hand, the revenue generated from technical services remained relatively stable at RMB60.50 million in 2020 and RMB60.71 million in 2021, among which RMB32.91 million and RMB19.38 million were generated from the technical services provided by NEVS and Protean respectively.

Gross loss

During the Reporting Period, the Group recorded a gross loss of RMB831.84 million as compared to a gross profit of RMB2,790.30 million in 2020, which was mostly due to the decrease in revenue generated by the Health Management Segment as a result of the overall market downturn. The gross profit margin of the Group had dropped from 18.02% in 2020 to –32.86% in 2021, and the main reason of gross loss was because of the carryover of a large amount of promotional inventory, resulting in a decrease in gross profit.

Other costs, net

Other costs during the Reporting Period were RMB746.50 million, mainly for the disposal of overseas subsidiaries.

Sales and marketing expenses

Sales and marketing expenses increased by 80.94% from RMB2,237.85 million in 2020 to RMB4,049.10 million in 2021, due to the increase in promotional efforts in the Health Management Segment to promote the sales of health and living projects, with the aim of promoting contract sales in response to a deteriorating market. There was also an increase in promotional fees for the branding of the Hengchi series.

Administrative expenses

Administrative expenses increased by 112.70% from RMB4,074.74 million in 2020 to RMB8,667.14 million in 2021, due to salary increments by RMB430.18 million, increase in employee share options by RMB565.96 million, and additional investments made in R&D of RMB2,669.10 million to boost the development of our Hengchi series.

Finance costs

The finance cost of the Group during the Reporting Period was RMB2,607.72 million.

Operating losses

In summary, the operating loss for the Reporting Period was RMB16,902.30 million.

III. *Non-operating Loss during the Reporting Period*

Other (losses) gains, net

Other losses during the Reporting Period were RMB9,459.87 million, due to losses related to the recovery of land, losses from joint investments, liquidated damages, impairment of FF investments and other losses.

Impairment loss on properties under development, completed properties held for sale and inventories

During the Reporting Period, the provision for impairment of inventory was RMB16,808.74 million, which was mainly due to the overall downward market environment. The Group will regularly update the valuation of inventory. If the market recovers, the corresponding valuation may rebound.

Impairment loss on property, plant and equipment, intangible assets and goodwill

During the Reporting Period, the Group's impairment losses on property, plant and equipment, intangible assets and goodwill were RMB11,483.44 million. With the principle of prudence, the Group has made provision for impairment of property, plant and equipment, and has made significant provision for impairment of some intangible assets acquired and goodwill generated.

Fair value losses on investment property

The fair value loss of the Group's investment properties during the Reporting Period was RMB323.43 million.

Impairment losses on financial assets

The impairment losses on financial assets during the Reporting Period were RMB2,301.20 million, which was mainly due to the Group's corresponding provisions for other receivables and prepayments of associates, joint ventures and third parties.

In summary, the non-operating loss for the Reporting Period was RMB40,376.68 million.

During the Reporting Period, the Group recorded a loss of RMB56,344.38 million, representing an increase of over seven times as compared to the loss made in 2020, which was mainly due to the decline in the gross profit of the Health Management Segment and the increase in expenses. Owing to prudential considerations made due to the effects of the COVID-19 pandemic and the operational difficulties faced, the Group also increased accrual of inventory, plant and equipment, intangible assets and goodwill.

IV. *Liquidity and Financial Resources*

As at 31 December 2021, the total amount of cash, cash equivalents and restricted cash of the Group was RMB5,261.22 million.

Business Review

New Energy Vehicle Segment

According to figures released by the China Association of Automobile Manufacturers, the global sales volume of new energy vehicles has hit a new high in 2021, reaching 6.6 million vehicles, representing a year-on-year increase of 108%. The new energy vehicle market in China continued to achieve breakthroughs. The sales volume of new energy vehicles had ranked first in the world for seven consecutive years. The production and sales volume of China's new energy vehicles in 2021 were both approximately 3.5 million vehicles, representing a year-on-year increase of 160%.

The Chinese government attaches great importance to the development of new energy vehicles. The 14th Five-Year Plan specified focusing on strategic emerging industries such as new energy vehicles, and implementing future industry incubation and acceleration plans. A number of policies, such as the "New Energy Automobile Industry Development Plan (2021–2035)" (《新能源汽車產業發展規劃（2021–2035年）》) and the "Notice on Further Improving Financial Subsidy Policies for the Promotion and Application of New Energy Vehicles" (《關於進一步完善新能源汽車推廣應用財政補貼政策的通知》), have been put in place to promote the development of the new energy vehicle industry.

Considering the market potential and the support received from both the industry and government policies, the Group will strive to seize the once-in-a-century industry development opportunity, strengthen its technology R&D and innovation, further improve product layout and fully promote the continuous development and growth of the New Energy Vehicle Segment.

R&D aspects:

During the Reporting Period, the Group further consolidated previous R&D achievements, integrated R&D resources, improved the R&D system, and had a total headcount of more than 1,285 research staff members. The Group continued to focus on its core business, and continued with the development and testing of core products, with increased technological exploration and innovation in the fields of intelligent network connection and autonomous driving.

In terms of car launches, in 2021, the Group had simultaneously developed six models, including Hengchi 1, Hengchi 3, Hengchi 5, Hengchi 6, Hengchi 7 and SX41. We have cooperated with world-renowned suppliers to build a world-class supplier system to ensure the high quality of Hengchi vehicles. During the Reporting Period, Hengchi 1, Hengchi 3, Hengchi 5, Hengchi 6 and Hengchi 7 completed engineering prototypes and related tests. In particular, the first Hengchi 5 was successfully rolled out in the Tianjin manufacturing base in December 2021.

In terms of Smart Internet and In-Vehicle Software design, during the Reporting Period, the Group cooperated with the world's top engineering service companies and suppliers and completed the development of (i) a first-generation electrical and electronic architecture platform, jointly designed and developed with world-renowned engineering companies such as BEG, Magna (麥格納) and Edag (愛達克), with five domain controllers based on the central gateway. This architecture supports OTA software upgrade of the whole vehicle, 5G communication and in-vehicle Ethernet, meeting the development needs of vehicles with intelligent network connection in the next three to five years; (ii) the hardware and software functions of the intelligent cabin operating system, created based on the concept of "an intelligently connected mobile space of car and home integration". We independently defined and developed the H-Smart OS 1.0 system, and completed the definition, design and development of a human-machine interface series named "Guan Shanhai" (觀山海) in Hengchi vehicles. We jointly developed an intelligent cabin system based on Qualcomm 8155 platform with suppliers such as Neusoft (東軟), Baidu (百度), Faurecia (佛吉亞), and Continental (大陸), equipped with the industry-leading Baidu ecosystem, supporting 5G Internet of vehicles, and aiming to achieve an intelligent experience of "you can say whatever your see" (可見即可說); (iii) the design and development of big data systems for cloud platforms; (iv) software and hardware development for intelligent driving systems and sensor/domain control, including the design and development of the H-Pilot OS 1.0 system, which supports intelligent assisted driving functions such as L2+ level HWA+; (v) software and hardware development and testing and calibration of power, chassis and body domain systems; and (vi) the software and hardware design and development of intelligent communication systems, all of them designed to reach world-leading levels of sophistication.

Manufacturing aspects:

In 2021, the Tianjin manufacturing base has completed its technical upgrade and has started the trial production of the first model Hengchi 5. The stamping workshop is equipped with five sequences of fully automatic high-speed mechanical press lines, MES intelligent management system, real-time monitoring of key parameters and features, and intelligent decision-making through big data analysis. The body shop is equipped with 183 robots and the welding automation rate is 100%. The paint shop adopts the compact B1B2 environmental protection process, with 51 robots to realize the full automation of painting operation, and has a 100% colour set production capacity. The final assembly workshop widely applies intelligent, automated and flexible production equipment, leading the industry in automation level and quality assurance capability.

The Shanghai and Guangzhou manufacturing bases are undergoing planning and construction in accordance with Industry 4.0 standards, using the world's most advanced equipment, the world's most advanced technology, so as to achieve the world's most advanced intelligent manufacturing. The Shanghai manufacturing base is planned to have an annual production capacity of 100,000 units and the Guangzhou manufacturing base is planned to have an annual production capacity of 200,000 units (production capacity of 100,000 units for painting), and both bases have been commissioned.

In terms of power batteries, the Group's Shenzhen Battery Research Institute (深圳電池研究院) developed ternary 5-series and 8-series (三元5系、8系) battery products as planned, and laid out cutting-edge technologies. The Shanghai Battery Research Institute (上海電池研究院) is being transformed into a pilot test base for lithium iron phosphate as planned.

Sales of vehicle living projects:

Under the New Energy Vehicle Segment, as a continuation of the previous year's operations, the Group had also conducted the sales of vehicle living projects during the Reporting Period. Six new vehicle living projects were launched, including Guiyang Evergrande Creek Shangtaoyuan (貴陽恒大溪上桃源), Urumqi Evergrande Yulan Bay (烏魯木齊恒大御瀾灣), Urumqi Evergrande Yuhu Jun (烏魯木齊恒大御湖郡), Nanning Evergrande Yufu (南寧恒大御府), Urumqi Evergrande Yufeng (烏魯木齊恒大御峰) and Nantong Evergrande Jade Garden (南通恒大翡翠華庭). With a total of 23 projects, the Group achieved a sales volume of 20,090 units during the Reporting Period, representing a gross floor area of 1.98 million sq.m.. The types of properties sold include residential, apartment, commercial and parking spaces. An average discount of 37% was given to purchasers in order to promote and accelerate the sales of such projects.

Health Management Segment

During the Reporting Period, in terms of the wellness living resorts operated by the Group, as a continuation of the previous plans in the Health Management Segment, three health projects were newly opened, namely Ningchu Evergrande International Health City (寧滁恒大國際健康城), Wuhan Evergrande Health City (武漢恒大健康城) and Shangrao Evergrande Health Valley (上饒恒大養生谷). With a total of 25 projects, the Group had achieved a sales volume of 25,373 units during the Reporting Period, representing a floor area of 2.19 million sq.m.. The types of properties sold include residential, apartment, commercial and parking spaces. Among them, residential properties accounted for the largest proportion of sales, with 19,722 units sold, a floor area of 2.01 million sq.m..

Furthermore, in order to comprehensively improve the added value of products and customer satisfaction, and to enrich the owner's spare time after moving into such living projects, we had planned to construct the Four Major Parks around the residential area. A gross floor area of 427,200 sq.m. or an aggregate of 624 single buildings were under construction, of which 291 buildings had been decorated, 196 buildings had completed facade construction, 39 buildings had constructed a main body, eight buildings had constructed pile foundations, 90 buildings were undergoing facade and decoration construction; and a gross floor area of 18,300 sq.m. or 26 single buildings had not yet started any construction. During the Reporting Period, the Health Management Segment also provided medical cosmetology and health management to customers, which also included out-patient services provided to patients at the Group's hospitals, most notably the Evergrande International Hospital, and health institutions.

OUTLOOK

New Energy Vehicle Segment

At present, the Group's New Energy Vehicle Segment is progressing steadily on track with its planned goals. In the future, the Group will make every effort to promote the mass production and delivery of Hengchi 5. The Group will continue to strengthen R&D investment and consolidate R&D foundation. While accelerating the R&D of core technologies to lead the technology innovation and development of smart electric vehicles, the Group will also stay focused on the R&D of new models, so as to provide users with more forward-looking smart electric vehicle products integrating technological aesthetics. In the meantime, the Group will accelerate the progress of the Tianjin manufacturing base towards reaching its planned production capacity.

Health Management Segment

The Group will facilitate the gradual phasing out of this business segment and subsequent resources will be focused on the development of the Group's New Energy Vehicle Segment.

OTHER ANALYSIS

Capital Institutions, Liquidity and Financial Resources

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

As at 31 December 2021, the Group had borrowings and lease liabilities (collectively "**total borrowings**") amounting to RMB41,678.64 million (as at 31 December 2020: RMB73,010.03 million).

As at 31 December 2021, the Group's gearing ratio was 29.03% (as at 31 December 2020: 48.65%). Gearing ratio was calculated as total borrowings divided by total assets.

Capital Commitments, Significant Investments, Pledge of Assets

As at 31 December 2021, the Group had capital commitments of approximately RMB17,069 million for the construction of the Group's bases and the purchase of fixed assets in Tianjin, Shanghai, Guangzhou, Yangzhou and other regions across the country.

For 2021, the Group had no significant investments.

As at 31 December 2021, the Group's borrowings of RMB18.327 billion were secured by pledge of the Group's property, plant and equipment, right-of-use assets, properties under development, completed properties held for sale, and equity interests of certain subsidiaries, totalling at RMB29.007 billion.

Material Litigation

As at 31 December 2021, the Group had a total of 11 pending litigation cases which involved more than RMB30 million each, and the total amount involved was approximately RMB1,594 million.

Failure to Repay Debts Due

As at 31 December 2021, the Group's unpaid debts due amounted to approximately RMB7,336 million. In addition, as at 31 December 2021, the Group's overdue commercial bills amounted to approximately RMB11,872 million.

Employee and Share Option Scheme

As at 31 December 2021, the Group had a total of 6,286 employees, and staff with a bachelors' degree or above accounted for approximately 89%. It incurred a total staff cost (including Directors' remuneration) of approximately RMB2,766.01 million during the period (2020: RMB3,118.78 million).

To provide incentives or rewards to the staff and the Directors of the Company, the Company adopted a share option scheme (the "**Share Option Scheme**") on 6 June 2018. Since its adoption and up to 31 December 2021 and save as disclosed in the announcements of the Company published on 6 November

2020, 15 June 2021 and 21 September 2021 regarding the respective grants of share options, the Company has not granted any other new share option under such Share Option Scheme or adopted any other share option scheme.

As at 31 December 2021, a total of 752,200,000 share options were granted under the Share Option Scheme, amongst which: (i) a total of 543,050,000 share options granted under the Share Option Scheme had not been exercised; (ii) a total of 209,150,000 share options granted under the Share Option Scheme had lapsed; and (iii) no share option granted under the Share Option Scheme had been cancelled.

Contingent Liabilities

As at 31 December 2021, the Group did not have any material contingent liabilities (year ended 31 December 2020: Nil).

DIVIDEND

The Directors do not recommend the payment of dividend for the year ended 31 December 2021 (year ended 31 December 2020: Nil).

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors.

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

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

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

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

On 24 April 2023, the Company entered into a sale and purchase agreement with Anxin Holding Limited (the "**Purchaser**") and China Evergrande Group, pursuant to which the Purchaser conditionally agreed to purchase, and the Company conditionally agreed to sell as the beneficial owner, one issued share of each of Assemble Guard Limited ("**Assemble Guard**") and Flaming Ace Limited ("**Flaming Ace**"), representing the entire issued share capital of Assemble Guard and Flaming Ace respectively, at the consideration of RMB2 (the "**Disposal**"). The Disposal was completed on 12

May 2023 (after the general meeting held on the same day). For further details of the Disposal, please refer to the announcements of the Company dated 24 April 2023, 25 April 2023, 10 May 2023 and 12 May 2023 and the circular of the Company dated 25 April 2023.

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

CORPORATE GOVERNANCE

Corporate Governance Code

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

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

Code provision F.2.2 stipulates that the chairman of the Board should attend the annual general meeting, and invite the chairmen of the audit committee, remuneration committee, nomination committee and any other committees (as appropriate) to attend. Mr. Siu Shawn, chairman of the Board and chairman of the Nomination Committee, failed to attend the annual general meeting of the Company held on 18 June 2021 (the "**2021 AGM**") due to travel restrictions enacted in response to the COVID-19 pandemic. Mr. Chau Shing Yim David, an independent non-executive Director, chairman of the Audit Committee, chairman of the Remuneration Committee and chairman of the Corporate Governance Committee, attended and acted as the chairman of the 2021 AGM. The Board was of the view that Mr. Chau Shing Yim David was sufficiently capable and knowledgeable to address any question at the 2021 AGM, and therefore the sound communication established between the Company and its shareholders were unaffected.

Model Code for Securities Transactions

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

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

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

CONTINUING CONNECTED TRANSACTIONS

During the preparation of the annual financial statements of the Company for the year ended 31 December 2021, the Board noted that:

(a) from 1 January 2021 to 31 December 2022, certain subsidiaries of China Evergrande Group had provided marketing services (the "**Real Properties Marketing Services**") for the real estate projects developed by certain subsidiaries of the Company;

(b) from 1 January 2021 onwards, certain subsidiaries of China Evergrande Group have provided green landscaping engineering and construction services (the "**Green Landscaping Services**") for the real estate projects developed by certain subsidiaries of the Company;

(c) from 1 January 2021 to 31 December 2021 and from 1 January 2023 to the date of this announcement, certain subsidiaries of the Company have entered into certain transactions in relation to procurement of materials (the "**Material Procurement**") from certain subsidiaries of China Evergrande Group; and

(d) Evergrande New Energy Vehicle (Tianjin) Company Limited ("**Tianjin Vehicle**", a subsidiary of the Company) entered into a loan agreement (the "**Shengjing Bank Loan Agreement**") with Shengjing Bank Co., Ltd. ("**Shengjing Bank**") dated 16 March 2021 in relation to the borrowing of a secured loan in the principal amount of RMB500,000,000 by Tianjin Vehicle from Shengjing Bank (the "**Shengjing Bank Borrowing**").

Summary of Major Terms

Real Properties Marketing Services

Set out below is the summary of the major terms of the transactions relating to the Real Properties Marketing Services:

Period:	From 1 January 2021 to 31 December 2022
Parties:	Certain subsidiaries of the Company (as the service recipient); and Certain subsidiaries of China Evergrande Group (as the service provider).
Scope of Service:	Certain subsidiaries of China Evergrande Group provided Real Properties Marketing Services for the real estate projects developed by certain subsidiaries of the Company, including customer confirmation service for real estate projects, transaction closing service, information technology service, platform customer diversion service, online trading service, big data enabling service, etc..

Service Fee:	The relevant subsidiaries of the Company shall pay service fee (tax inclusive) for the Real Properties Marketing Services to the relevant subsidiaries of China Evergrande Group on the basis of 2.7 to 6% of the actual transaction amount of real properties successfully sold by the Group through the referrals of certain subsidiaries of China Evergrande Group. Service fee shall be paid by certain subsidiaries of the Company to certain subsidiaries of China Evergrande Group in cash on a monthly basis.
Amount of service fee:	The aggregate amount of service fee in respect of the Real Properties Marketing Services was (i) approximately RMB454,207 thousand for the year ended 31 December 2021; and (ii) approximately RMB6,928 thousand for the year ended 31 December 2022.

Green Landscaping Services

Set out below is the summary of the major terms of the transactions relating to the Green Landscaping Services:

Period:	From 1 January 2021 onwards
Parties:	Certain subsidiaries of the Company (as the service recipient); and Certain subsidiaries of China Evergrande Group (as the service provider).
Scope of Service:	Certain subsidiaries of China Evergrande Group have provided the Green Landscaping Services for the real estate projects developed by certain subsidiaries of the Company, including terrain treatment, location caving, supply of seedlings, planting and maintenance of seedlings etc..
Service Fee:	Service fee shall be calculated in accordance with the following two methods: (1) based on the actually incurred seedling expenses, labor expenses, machinery expenses, auxiliary expenses, administrative fees, management fees, taxes and a reasonable profit margin; or (2) on a lump sum basis of the packaged unit price of seedling and the number of seedling used. Service fee shall be paid by the relevant subsidiaries of the Company to the relevant subsidiaries of China Evergrande Group in cash based on the actual progress of each project.

Amount of service fee:	The aggregate amount of service fee in respect of the Green Landscaping Services was (i) approximately RMB58,448 thousand for the year ended 31 December 2021; (ii) approximately RMB2,154 thousand for the year ended 31 December 2022; and (iii) approximately RMB228,502 thousand from 1 January 2023 onwards.
	The Group has no intention to enter into any new transaction in respect of the Green Landscaping Services, but the relevant subsidiaries of the Company and the relevant subsidiaries of China Evergrande Group will continue to perform such obligations under those agreements having been entered into between them. The aggregate amount of service fee in respect of the Green Landscaping Services from 1 January 2023 represents the aggregate amount of transactions that have completed or will be completed pursuant to the terms of the existing agreements.

Material Procurement

Set out below is the summary of the major terms of the transactions relating to the Material Procurement:

Period:	From 1 January 2021 to 31 December 2021 From 1 January 2023 to the date of this announcement
Parties:	Certain subsidiaries of the Company (as the purchaser); and Certain subsidiaries of China Evergrande Group (as the supplier).
Scope of procurement:	Certain subsidiaries of the Company have procured building materials, materials for water and electricity supply, decoration materials, landscaping materials, equipment, etc. from certain subsidiaries of China Evergrande Group.
Procurement fee:	The procurement fee was determined after arm's length negotiations and on normal commercial terms with reference to the specifications, model, unit price, type and quality of the relevant material and the average price of similar material offered by independent third parties.
	Procurement fee shall be paid by certain subsidiaries of the Company to certain subsidiaries of China Evergrande Group in cash based on the actual delivery progress.

Amount of Procurement fee:	The aggregate amount of procurement fee was (i) approximately RMB47,102 thousand for the year ended 31 December 2021; and (ii) approximately RMB11,411 thousand from 1 January 2023 up to the date of this announcement.

Shengjing Bank Loan Agreement

Date:	16 March 2021
Parties:	Tianjin Vehicle (as the borrower); and Shengjing Bank (as the lender).
Principal amount:	RMB500 million As at the date of this announcement, the outstanding principal amount of the Shengjing Bank Borrowing and the unpaid interest accrued upon the outstanding Shengjing Bank Borrowing was RMB617,181 thousand.
Term:	From 17 March 2021 to 16 March 2022
Interest rate:	11% per annum
Purpose of the Shengjing Bank Borrowing:	Procurement of raw materials
Repayment of principal and payment of interest:	Tianjin Vehicle shall pay interest on a quarterly basis and shall repay the principal amount of the loan in a lump sum on 16 March 2022.
Default:	If Tianjin Vehicle fails to repay the Shengjing Bank Borrowing and/or interest on time, Shengjing Bank will charge overdue interest on the overdue loan and/or unpaid interest (as the case may be) at an interest rate of 16.5% per annum.
Details of security assets:	(1) one parcel of industrial land with an area of 334,454.18 square meters owned by Evergrande New Energy Vehicle (Liaoning) Company Limited (a subsidiary of the Company); (2) one parcel of industrial land with an area of 244,949.59 square meters owned by Shenyang Evergrande New Energy Technology Development Company Limited (a subsidiary of the Company); and

(3) two parcels of industrial land with the respective area of 184,979.58 square meters and 80,417.36 square meters owned by Evergrande Power Technology (Shenyang) Company Limited (a subsidiary of the Company).

Reasons for and Benefits of the Transactions

Real Properties Marketing Services

From 1 January 2021 to 31 December 2022, the Group owned various elderly care valleys and vehicle living space supporting projects in the PRC, and had demand for sale of real properties. China Evergrande Group, as a company that has been engaged in the property development for many years, has extensive experience and capabilities, possesses sufficient software and hardware resources and provides sophisticated service, which could facilitate the sale of real properties developed by the Group. In view of the above, the Board believes that the provision of Real Properties Marketing Services by China Evergrande Group is in the interests of the Group and its shareholders as a whole.

Green Landscaping Services

Since 1 January 2021, the Group has owned various elderly care valleys and vehicle living space supporting projects in the PRC, and had demand for green landscaping services. China Evergrande Group, as a company that has been engaged in the property development for many years, has extensive experience in green landscaping and possesses sufficient software and hardware resources with strong comprehensive strength, which could improve the image of the real properties developed by the Group. In view of the above, the Board believes that the provision of Green Landscaping Services by China Evergrande Group is in the interests of the Group and its shareholders as a whole.

Material Procurement

Since 1 January 2021, the Group has owned various elderly care valleys and vehicle living space supporting projects in the PRC, and had relatively large demand for building materials, decoration materials and household supporting equipment for projects. China Evergrande Group, as a company that has been engaged in the property development for many years, has extensive experience in the bulk procurement of materials and strong bargaining power with timely delivery and high-quality services. In view of the above, the Board believes that the procurement of materials from China Evergrande Group is in the interests of the Group and its shareholders as a whole.

Shengjing Bank Loan Agreement

The entering into the Shengjing Bank Loan Agreement can provide the Company for additional funds and Shengjing Bank Borrowing was made based on fair market trading principle. Shengjing Bank, as a local bank, can provide high-quality services. In view of the above, the Board believes that the entering into the Shengjing Bank Loan Agreement is in the interests of the Group and its shareholders as a whole.

The Directors (excluding Mr. Siu Shawn and Mr. Chau Shing Yim, David) believe that the terms and conditions of the transactions for each of (i) the Real Properties Marketing Services from 1 January 2021 to 31 December 2022; (ii) the Green Landscaping Services from 1 January 2021 to 31 December 2022; (iii) the Material Procurement from 1 January 2021 to 31 December 2021; and (iv) the transactions contemplated under the Shenjing Bank Loan Agreement are fair and reasonable, and all such transactions were or have been carried out on normal commercial terms in the ordinary business of the Group and in the interests of the Company and its shareholders as a whole.

The Directors (excluding Mr. Siu Shawn, Mr. Chau Shing Yim, David, Mr. Guo Jianwen and Mr. Xie Wu) believe that the terms and conditions of the transactions for each of (i) the Green Landscaping Services for the period from 1 January 2023 onwards; and (ii) the Material Procurement for the period from 1 January 2023 to the date of this announcement are fair and reasonable, and all such transactions were or have been carried out on normal commercial terms in the ordinary business of the Group and in the interests of the Company and its shareholders as a whole.

Implications under the Hong Kong Listing Rules

China Evergrande Group has been a controlling shareholder of the Company and thus a connected person of the Company. As at the date of this announcement, China Evergrande Group held approximately 58.54% of all issued shares of the Company. Pursuant to Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Hong Kong Listing Rules**"), the Real Properties Marketing Services, the Green Landscaping Services and the Material Procurement constitute continuing connected transactions of the Company.

On the date of the Shengjing Bank Loan Agreement, Shengjing Bank was held by China Evergrande Group as to approximately 34.5%. Therefore, Shengjing Bank was a connected person of the Company by virtue of being a 30%-controlled company of China Evergrande Group and the transactions contemplated under the Shengjing Bank Loan Agreement constituted continuing connected transactions of the Company. As disclosed by the announcement of China Evergrande Group dated 29 September 2021, China Evergrande Group disposed of approximately 19.93% equity interest in Shengjing Bank. Upon the completion of the disposal, Shengjing Bank was held as to approximately 14.57% by China Evergrande Group and ceased to be a connected person of the Company. Accordingly, the transactions contemplated under the Shengjing Bank Loan Agreement were no longer continuing connected transactions of the Company from 29 September 2021 onwards.

As the highest applicable percentage ratio in respect of the transaction amount of (i) the Green Landscaping Services for the period from 1 January 2023 onwards; and (ii) the Material Procurement for the period from 1 January 2023 to the date of this announcement exceeds 5%, such continuing connected transactions were subject to the announcement, annual review and independent shareholders' approval requirements pursuant to Chapter 14A of the Hong Kong Listing Rules. Given the transactions for the Green Landscaping Services since 1 January 2023 and the Material Procurement for the period from 1 January 2023 to the date of this announcement have already been entered into, the Company will seek the ratification of such transactions from the independent shareholders. On the other hand, the

Group intends to enter into further transactions in respect of the Material Procurement in the current and subsequent financial years. The Company will also comply with the applicable requirements under Chapter 14A of the Hong Kong Listing Rules in respect of such transactions as soon as practicable.

As the highest applicable percentage ratio in respect of the annual transaction amount of (i) the Real Properties Marketing Services for the year ended 31 December 2021; (ii) the Green Landscaping Services for the year ended 31 December 2021; (iii) the Material Procurement for the year ended 31 December 2021; and (iv) the transactions contemplated under the Shengjing Bank Loan Agreement exceeds 0.1% but is less than 5%, such continuing connected transactions were subject to the announcement and annual review requirements but exempted from the independent shareholders' approval requirements pursuant to Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio in respect of the annual transaction amount of (i) the Real Properties Marketing Services for the year ended 31 December 2022; and (ii) the Green Landscaping Services for the year ended 31 December 2022 was less than 0.1%, such continuing connected transactions were fully exempt from independent shareholders' approval, annual review and all disclosure requirements pursuant to Chapter 14A of the Hong Kong Listing Rules.

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

INFORMATION ON THE GROUP, CHINA EVERGRANDE GROUP AND SHENGJING BANK

The Group

The Company is a company incorporated in Hong Kong with limited liability. The principal business activities of Group include the technology research and development and manufacturing of, and sales services in respect of new energy vehicles. The Group previously also operated in the health management services business, which included the operations of elderly care and rehabilitation centres and various institutions and establishments.

China Evergrande Group

China Evergrande Group is a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange. China Evergrande Group is a conglomerate and is principally engaged in the property development, property investment, property management, new energy vehicle business, hotel operations, finance business, internet business and health industry business in the PRC. China Evergrande Group, together with its subsidiaries, has transformed from a real estate developer to a conglomerate featuring "diversified business & digital technology" and will gradually spin off its high-quality assets for listing, building a concentric and diversified ecosystem centered around fixed and mobile spaces, while connecting the eight major businesses through closed-loop data sharing to serve hundreds of millions of customers.

Shengjing Bank

Shengjing Bank is a joint stock limited company established in the PRC on 10 September 1997 in accordance with PRC laws. Shengjing Bank and its subsidiaries are principally engaged in the provision of corporate and personal deposits, loans and advances, settlement, treasury business and other banking services in the PRC.

NON-COMPLIANCE AND REMEDIAL ACTIONS

Due to inadvertent oversights, the Company did not make the required disclosures in respect of the transactions for (i) the Real Properties Marketing Services from 1 January 2021 to 31 December 2021; (ii) the Green Landscaping Services from 1 January 2021 to 31 December 2021 and from 1 January 2023 onwards; (iii) the Material Procurement from 1 January 2021 to 31 December and from 1 January 2023 to the date of this announcement; and (iv) the transactions contemplated under the Shengjing Bank Loan Agreement from 16 March 2021 to 29 September 2021, and did not seek the required independent shareholders' approval in respect of the transactions for the Green Landscaping Services from 1 January 2023 onwards and the Material Procurement from 1 January 2023 to the date of this announcement in accordance with the Hong Kong Listing Rules.

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

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

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

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

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

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

PUBLICATION OF THE ANNUAL RESULTS

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

FORWARD LOOKING STATEMENTS

There can be no assurance that any forward-looking statements regarding the Group set out in this announcement or any of the matters set out therein are attainable, will actually occur or will be realised or are complete or accurate. Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and not to place undue reliance on the information disclosed herein. Any holder of securities or potential investor of the Company who is in doubt is advised to seek advice from professional advisors.

CONTINUED SUSPENSION OF TRADING

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

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

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

Hong Kong, 26 July 2023

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