Cenntro Electric Group Ltd

(Formerly known as NAKED BRAND GROUP LIMITED)

ACN 619 054 938

Annual Report - 31 December 2021

Cenntro Electric Group Ltd
Directors' report
31 December 2021

The directors present their report, together with the financial statements, on the combined group (referred to hereafter as the "Group") consisting of Cenntro Electric Group Ltd (formerly known as Naked Brand Group Limited ("NBG")) ACN 619 054 938 (referred to hereafter as "CEGL" or the "Legal Parent"), Cenntro Automotive Group Limited, a Hong Kong private limited company and wholly owned subsidiary of CEGL ("CAG HK" or the "Accounting Parent") and the entities owned by CEGL at the end of, or during, the year ended 31 December 2021.

Directors

Peter Z. Wang (appointed on 31 December 2021) (1)
Chris Thorne (appointed on 31 December 2021) (1)
Joe Tong (appointed on 31 December 2021) (1)
Simon Tripp (appointed on 19 January 2021) (2)
Justin Davis-Rice (appointed on 11 May 2017) (3)
Andrew Shape (resigned on 31 December 2021) (4)
Kelvin Fitzalan (resigned on 31 December 2021) (4)
Paul Hayes (resigned on 19 January 2021)

(1) Appointed pursuant to a vote by the shareholders on 21 December 2021 at the Group’s Extraordinary General Meeting in connection with the Combination, subject to the closing of the Combination (as defined below) on 31 December 2021.
(2) Originally appointed on 19 January 2021 and reappointed at the Group’s Extraordinary General Meeting by vote of the shareholders, effective on 31 December 2021 at the closing of the Combination.
(3) Originally appointed on 11 May 2017 and reappointed at the Group’s Extraordinary General Meeting by vote of the shareholders, effective on 31 December 2021 at the closing of the Combination.
(4) Resigned in connection with the closing of the Combination.

Principal activities

Cenntro Automotive Group Limited (“CAG Cayman”) was formed in the Cayman Islands on 22 August 2014. CAG Cayman was the former parent of Cenntro (as defined below), prior to the closing of the Combination (as defined below).

Cenntro Automotive Corporation (“CAC”) was incorporated in the state of Delaware in the United States on 22 March 2013. CAC became CAG Cayman’s wholly owned company on 26 May 2016. CAC’s operations include corporate affairs, administrative, human resources, global marketing and sales, after-market support, homologation, and quality assurance. CAC also leases and operates facilities in Freehold, New Jersey, including the Group’s corporate headquarters, and Jacksonville, Florida facility.

Cenntro Automotive Group Limited (“CAG HK”) was established on 15 February 2016 in Hong Kong. CAG HK is a non-operating, investment holding company, which conducts business through its subsidiaries in mainland China and Hong Kong.

Cenntro Electric Group, Inc. (“CEG”) was incorporated in the state of Delaware in the United States on 9 March 2020.

CEGL was incorporated in Australia on 11 May 2017, and is the legal parent company of Cenntro (as defined below). NBG changed its name to Cenntro Electric Group Ltd on 30 December 2021, in connection with the closing of the Combination.

CAC, CEG and CAG HK and its consolidated subsidiaries are collectively referred to hereinafter as “Cenntro”; CEGL and Cenntro are collectively referred to hereinafter as the “Group”. The Group designs and manufactures purpose–built, electric commercial vehicles (“ECVs”) used primarily in last mile delivery and industrial applications.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations (all numbers quoted are USD)

The loss for the Group for the year ended 31 December 2021 after providing for income tax and non-controlling interest amounted to $225,851,738 (31 December 2020: $5,165,892).

The loss for the year ended 31 December 2021 includes cost of listing in the amount of $209,429,931 due to the reverse acquisition. The normalised loss for the year, excluding cost of listing, amounted to $16,421,807.

Significant changes in the state of affairs

Reverse acquisition

On 30 December 2021, a stock purchase transaction (the "Combination") was consummated pursuant to that certain stock purchase agreement, dated as of 5 November 2021 (the "Acquisition Agreement"), by and among CEGL (at the time, NBG), CAG Cayman, CAC, CEG and CAG HK, whereby CEGL purchased from CAG Cayman (i) all of the issued and outstanding ordinary shares of CAG HK, (ii) all of the issued and outstanding shares of common stock, par value US$0.001 per share, of CAC, and (iii) all of the issued and outstanding shares of common stock, par value US$0.01 per share, of CEG, in exchange for an aggregate purchase price of (i) 174,853,546 newly issued ordinary shares of CEGL and (ii) the assumption of options to purchase an aggregate of 9,225,271 ordinary shares under the Cenntro Electric Group Ltd Amended & Restated 2016 Incentive Stock Option Plan (the "Amended 2016 Plan"). The Combination closed on 30 December 2021. In connection with the closing of the Combination, NBG changed its name from "Naked Brand Group Limited" to "Cenntro Electric Group Ltd".

In accordance with *AASB 3 Business Combination*, a reverse acquisition occurs when an entity that issues shares (the legal parent or the legal acquirer) is identified as the accounting acquiree, and accordingly, the legal subsidiary (or the legal acquiree) is identified as the accounting acquirer. The Combination has features of a reverse acquisition under *AASB 3 Business Combination*. NBG (now CEGL) is a public listed company on Nasdaq while Cenntro is a private operating group of entities immediately before the Combination. As of the closing of the Combination, NBG (now CEGL) acquired all the shares of CAC, CEG, CAG HK (which owns controlled operating entities) and the owners of Cenntro own a majority of the shares in CEGL and in substance obtained control of CEGL (the public listed company). For the purpose of AASB 3, CEGL (the legal acquirer) is deemed the accounting acquiree and CAG HK (one of the legal acquirees), as the dominant entity of Cenntro (all products of Cenntro are developed and designed by CAG HK and its controlled entities) is deemed the accounting acquirer.

The accounting acquiree CEGL does not constitute a business for the purposes of *AASB 3 Business Combination* as it does not have the characters of business for the purpose of AASB 3 immediately before the Combination. As a result, instead of applying accounting methodology required by *AASB 3 Business Combination*, the Combination is accounted for as share-based payments by CAG HK for the net identifiable assets and listing status of CEGL in accordance with *AASB 2 Share-based Payment.* The consideration of the Combination is measured at fair value of the shares of CEGL that are outstanding just before the Combination on a fully diluted basis. Any difference between the fair value of the transaction price and the fair value of any identifiable net assets received represents a service received by the accounting acquirer CAG HK. Therefore, the excess of the transaction price over the cash balances and other net identifiable assets acquired is a cost of services for obtaining a listing recognised in the current year's income statement in accordance with the IFRS Interpretation Committee March 2013 agenda decision.

Divestiture

On 30 December 2021, simultaneously with the closing of the Combination, NBG consummated the divestiture (the "Divestiture") of its online business operated through FOH Online Corp. ("FOH"), pursuant to a binding term sheet of the same date (the "Term Sheet"), by and among NBG, Bendon Limited ("Bendon") and FOH. Bendon is controlled by Justin Davis-Rice, a member of CEGL's board of directors and formerly NBG's Executive Chairman and Chief Executive Officer. From June 2018 until April 2021, Bendon was an operating subsidiary of NBG. FOH is a designer and e-commerce retailer of women's intimate apparel, sleepwear and swimwear. It is the exclusive licensee of the Frederick's of Hollywood global online license, under which it sells Frederick's of Hollywood intimate products, sleepwear and loungewear products, swimwear and swimwear accessories products, and costume products.

Under the Term Sheet, Bendon purchased all the outstanding shares of common stock of FOH for a purchase price of AUS$1.00. In connection with such purchase, NBG recapitalized FOH with $12.6 million in order to cover liabilities of FOH assumed by Bendon and forgave $9.5 million of intercompany loans made by NBG to FOH. The Term Sheet includes certain fundamental representations and warranties of NBG, which terminated as of the closing of the Divestiture. Under the Term Sheet, CEGL has no liability to Bendon or FOH following the closing.

Change of the financial year end

After the closing of the Combination, CEGL changed its financial year end from 31 January to 31 December pursuant to Section 323 D(AA) of the Corporations Act. Accordingly, the financial year of the Legal Parent commenced on 1 February 2021 and concluded on 31 December 2021. However, as a result of the Combination being accounted for as a reverse acquisition in accordance with *AASB 3 Business Combination,* the reporting period of this financial report adopted the accounting acquirer's reporting period which is the 12 month period ended 31 December 2021 (refer to the Reverse acquisition paragraph above).

There were no other significant changes in the state of affairs of the Group during the year ended 31 December 2021. By virtue of the Combination being accounted for as a reverse acquisition in accordance with AASB 3 as discussed above, this report neither presents nor discusses the operating results of the business of NBG prior to the closing of the Combination. As a result, this report does not discuss any significant changes in the state of affairs of NBG prior to the closing of the Combination.

Matters subsequent to the end of the financial year

Lease of Jacksonville Facility

On 20 January 2022, the Group entered into an operating lease agreement (the "Jacksonville Lease") between CAC, as tenant, CEGL, as guarantor, and JAX Industrial One, LTD., a Florida limited liability company, as landlord, for a facility of approximately 100,000 square feet in Jacksonville, Florida. The lease period commenced on 20 January 2022 and ends 84 months following a five-month rent abatement period. Pursuant to the Jacksonville Lease, minimum annual rent is approximately $695,000, $722,800, and $751,710, for the first three years, sequentially, and rising thereafter.

Acquisition of TME

On 5 March 2022, the Group entered into a Share and Loan Purchase Agreement (the "Purchase Agreement") with Mosolf SE & Co. KG, a limited liability partnership incorporated under the laws of Germany ("Seller" or "Mosolf"), pursuant to which Mosolf agreed to sell to the Group (i) 65% of the issued and outstanding shares (the "TME Shares") in Tropos Motors Europe GmbH, a German limited liability company ("TME"), and (ii) 100% of the shareholder loan (the "Shareholder Loan") which Mosolf previously provided to TME (the "TME Transaction"). TME is currently one of Cenntro's private label channel partners and has been one of Cenntro's largest customers since 2019.

The TME Transaction closed on 25 March 2022. At the closing of the TME Transaction, the Group paid Mosolf €3,250,000 (or approximately USD$3.6 million) for the purchase of the TME Shares and €11,900,000 (or approximately USD$13.0 million) for the purchase of the Shareholder Loan, for total aggregate consideration of €15,150,000 (or approximately USD$16.6 million). An aggregate of €3,000,000 (or approximately USD$3.3 million) of the purchase price is held in escrow to satisfy amounts payable to any of the buyer indemnified parties in accordance with the terms of the Purchase Agreement.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Peter Z. Wang
Title:	Managing Director and Chairman of the Board of Directors
Experience and expertise:	Peter Z. Wang founded CAG Cayman, the parent company of Cenntro, and served as its Chief Executive Officer since 2013. Mr. Wang began serving as Managing Director, Chairman of the Board, and Chief Executive Officer of Cenntro immediately following the closing of the Combination in December 2021. Mr. Wang is an entrepreneur and investor in the electric vehicle and technology industries, and has founded or co-founded a number of companies in his career, including UTStarcom (a global telecom infrastructure provider), which went public in 2000, World Communication Group, an international telecommunication company, and Sinomachinery Group, a diesel power system (engine and transmission) manufacturer. Mr. Wang was named one of the Outstanding 50 Asian Americans in Business by Asian American Business Development Center in 2004, one of China's 100 Most Innovative Businessmen by Fast Company Magazine in 2017, and one of the Most Intriguing Entrepreneurs by Goldman Sachs in 2019. Mr. Wang is also the chairman of the board of directors of Cenntro Enterprise Limited, a principal stockholder of CEGL, and Greenland Technologies Holding Corp. (NASDAQ: GTEC), a transmission products manufacturing company. Mr. Wang holds Bachelor of Science degrees in Computer Science and Math, as well as a Master of Science degree in Electrical Engineering, from the University of Illinois at Chicago. Mr. Wang also holds a Master of Business Administration from Nova Southeastern University. We believe Mr. Wang is qualified to serve on our board of directors due to his extensive leadership and management experience, including his experience serving as founder and Chairman and Chief Executive Officer of CAG Cayman.

Name:	Chris Thorne
Title:	Independent Director, Chair of the Audit Committee, Member of the Compensation Committee, and Member of the Nominating Committee
Experience and expertise:	Chris Thorne became a member of the board of directors following the closing of the Combination in December 2021, and serves on each of our audit committee, compensation committee and nominating committee. Mr. Thorne has served as Chairman of the Board of Broadline Capital, a global private equity firm focused on growth capital and impact investments primarily in Asia and North America, since 2005. Mr. Thorne has been the Chairman of the Board for Cytonus Therapeutics since November 2019, Endosphere, Inc. since December 2010 and has been the Chairman of the Board of Powermers, Inc. since January 2010. Mr. Thorne received his Juris Doctor from Harvard Law School with honors, Master of Business Administration from Harvard Business School with final year honors, and a bachelor's degree from Harvard University, magna cum laude, where he founded the Harvard Negotiation Law Review and served as president of the university-wide student government. We believe Mr. Thorne is qualified to serve on our board of directors due to his substantial private equity and board of directors experience.

Name:	Joe Tong
Title:	Independent Director, Member of the Audit Committee, Chair of the Compensation Committee, and Chair of the Nominating Committee
Experience and expertise:	Joe Tong became a member of the board of directors following the closing of the Combination in December 2021, and serves on each of our audit committee, compensation committee and nominating committee. Mr. Tong co-founded MeetChina, a leading B2B e-commerce website for China in 1998 and served as its Chief Executive Officer and Director from 1998 to 2003. In 2007, Mr. Tong joined TELSTRA Sensis as its President of China, and helped build Fang.com (NASDAQ: SFUN), a leading real-estate company website in China, and Autohome Inc. (NYSE: ATHM), a leading automotive company website. In 2016, Mr. Tong joined Ford Motor Company as its Head of Smart Mobility, China. Mr. Tong holds a bachelor's degree in Computational Mathematics from Nanjing University, and a Master of Business Administration in Finance and Strategic Marketing from the University of Pennsylvania's Wharton School of Business. We believe Mr. Tong is qualified to serve on our board of directors due to his past experience with business-to-business enterprises and in the automotive industry.

Name:	Simon Tripp
Title:	Independent Director, Member of the Audit Committee, Member of the Compensation Committee, and Member of the Nominating Committee
Experience and expertise:	Simon Tripp joined the board in January 2021 and remained a member of our Board following the closing of the Combination. He has an honors degree in Chemical Engineering from Cape Town University and an MBA from Massey University in New Zealand. Mr. Tripp has an extensive background in investment banking and capital markets. He was previously a director of Ord Minnett (subsequently acquired by JP Morgan) in Sydney where he was involved in many significant transactions involving IPO's, capital raisings, M&A and divestments across many sectors including aviation, media, tourism, property and financial services. Mr. Tripp then established a fund with two other partners that raised the funding for and developed the Citibank Centre, a major commercial and retail center in the Sydney CBD. The development was listed on the Australian ASX. During this time, the fund also managed the Sydney Olympic Stadium and Mr. Tripp was on the board of the stadium during the Sydney 2000 Olympics. Since divesting his interests in the fund, Mr. Tripp has been involved in a number of venture capital deals across many sectors including financial services, mining, retail and property. The Group believes Mr. Tripp's extensive experience in venture capital and financing makes him well suited to serve as a member of the Board.

Name:	Justin Davis-Rice
Title:	Director
Experience and expertise:	Justin Davis-Rice has been a member of NBG's board of directors since its formation in May 2017 and has served as its Executive Chairman from April 2019 until December 2021. Prior to becoming Executive Chairman, Mr. Davis-Rice served as NBG's Chief Executive Officer and as the Chief Executive Officer of Bendon (commencing in May 2010). As Chief Executive Officer of NBG, he transformed NBG through an operational restructuring and a re-engineering of key functional and operational aspects of the business including, supply chain, human resources, design and development, sourcing, wholesale and retail sales. Mr. Davis-Rice resigned from all director and officer positions with the Group as of the closing of the Combination, other than continuing as a director of CEGL. Prior to joining the Group, Mr. Davis-Rice co-founded Pleasure State, an intimate apparel company which he merged with Bendon Limited in May 2010. Mr. Davis-Rice helped turn Pleasure State into a business with multi-million-dollar earnings. The Group believes Mr. Davis-Rice's experience as a former chief executive officer makes him well suited to serve as a member of the board of directors.

Company Secretary

Messrs. Tony Tsai and Mark Ziirsen act as co-company secretaries. Mr. Tsai was appointed to the position of Company Secretary on 30 December 2021, immediately following the closing of the Combination. Mark Ziirsen was appointed to the position of Company Secretary on 24 May 2021 and remained Company Secretary as of 31 December 2021 in connection with the closing of the Combination.

Mr. Tsai has served as Vice President, Corporate Affairs of CAC, a wholly owned subsidiary, since July 2013 and was appointed Vice President, Corporate Affairs and Company Secretary of CEG, a wholly owned subsidiary, in July 2021. Mr. Tsai was appointed our Vice President, Corporate Affairs and Company Secretary immediately following the closing of the Combination in December 2021. Since April 2007, Mr. Tsai has also been a real estate advisor at Winzone Realty, Inc. From 2007 to 2009, Mr. Tsai served as Compliance Director and an investment banker at CapLink Financial Group, LLC, where he managed broker dealer compliance, supervised sales teams and provided strategic advice. From 2006 to 2007, Mr. Tsai was an investment banker with Kuhns Brothers, Inc. Since joining CAC, Mr. Tsai has been involved in corporate and communications strategy and global regulatory matters. Mr. Tsai holds a bachelor’s degree in Business Administration, with a focus on International Sales Marketing, from Baruch College, City University of New York.

Mr. Ziirsen acted as NBG’s Chief Financial Officer from April 2021 to December 2021, resigning in connection with the closing of the Combination. He has over 30 years’ experience with public company finance as a corporate officer and audit committee member. His executive career spans senior finance leadership roles with major ASX-listed companies such as Cochlear, Aristocrat, Coca-Cola Amatil and Goodman Fielder. Currently, he serves as a non-executive director and chair of the Audit and Risk Committee of Opyl Limited, an ASX-listed artificial intelligence technology business focused on life sciences. Previously, he was non-executive director and chair of Respiri Limited, an eHealth SaaS company, and non-executive director and chair of the Audit and Risk Committee of Orcoda Limited, a SaaS based technology company. Mr. Ziirsen commenced his career with EY, working in business advisory, tax and management consulting. Mr. Ziiresen’s most recent executive roles include Chief Financial Officer and Company Secretary for Wiseway Group Limited (who he led through an IPO and listing on ASX) and Chief Financial Officer of ASX-listed global medtech company Anteris Technologies Limited. Prior to that, Mr. Ziirsen was Director of Finance and IT for Asia Pacific at Cochlear. He has a track record of delivering growth and improvement across multiple industry sectors including medtech/health, technology and consumer, and geographies across the Americas, Europe and Oceania. Mr. Ziirsen has also worked extensively in Asia for more than 25 years. Mr. Ziirsen received his Bachelor of Commerce from University of Queensland and his Master of Business Administration, majoring in international business, from University of New England. He holds the CPA designation from CPA Australia.

The previous company secretary, Justin Davis-Rice, was appointed to the position on 11 May 2017 and resigned from the position on 24 May 2021.

Meetings of directors
The number of meetings of the CEGL's Board of Directors (the "Board") (including NBG prior to 31 December 2021) and of each Board committee held during the year ended 31 December 2021, and the number of meetings attended by each director were:

Director's name	Board Meetings		Audit Committee		Compensation Committee		Nominating Committee	
	A	B	A	B	A	B	A	B
Peter Z. Wang*	1	1	0	0	0	0	0	0
Chris Thorne*	1	1	0	0	0	0	0	0
Joe Tong*	1	1	0	0	0	0	0	0
Simon Tripp	11	11	3	3	1	1	0	0
Justin Davis-Rice	11	11	n/m		n/m		n/m	
Andrew Shape	10	10	2	3	1	1	0	0
Kelvin Fitzalan	10	10	2	2	1	1	0	0
Paul Hayes	0	1	0	0	0	0	0	0

A = Number of meetings attended
B = Number of meetings held during the time the director held office during the year
n/m = not a member

* Peter Z. Wang, Chris Thorne and Joe Tong became directors in connection with the closing of the Combination on 31 December 2021.

Shares under option
Unissued ordinary shares of Cenntro Electric Group Ltd under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
07/03/2016	07/03/2024	$0.28	4,544,250
07/03/2016	07/03/2024	$0.68	715,629
07/03/2016	07/03/2022	$1.69	1,897,230
31/05/2016	31/05/2024	$1.69	465,157
31/12/2017	31/12/2025	$2.63	1,187,941
31/12/2019	31/12/2027	$3.09	415,064
			9,225,271

No option was exercised for the year ended 31 December 2021 and 2020.

Indemnity and insurance of officers
During the year ended 31 December 2021, NBG purchased a six-year prepaid officers' and directors' liability insurance policy for the then existing officers and directors in connection with the closing of the Combination.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of CEGL, or to intervene in any proceedings to which CEGL is a party for the purpose of taking responsibility on behalf of CEGL for all or part of those proceedings.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

Prior to the closing of the Combination, BDO Audit Pty Ltd ("BDO") served as the independent registered auditor to NBG. On 14 February 2022, in light of the fact that Cenntro's financial statements became the Group's financial statements following the closing of the Combination, BDO notified the Group and the Australian Securities and Investments Commission ("ASIC") of its intention to resign as the independent auditor of the Group, subject to the consent for its resignation from ASIC as required under the Corporations Act. On 1 April 2022, ASIC consented to BDO's resignation and, on 4 April 2022, BDO's resignation became effective.

The Group appointed Wis Audit Pty Ltd to act as its ASIC-registered independent auditor for the purposes of statutory compliance with Section 327C of the Corporations Act.

Additional information - IFRS and U.S. GAAP financial information reconciliation

The financial statements of the Group that follow have been prepared pursuant to Section 295 the Australian *Corporations Act 2001 (Cth)* (the "Corporations Act") and audited in accordance with Australian Accounting Standards and International Financial Reporting Standards (the "IFRS Results"). As a public company with its ordinary shares listed on the Nasdaq Capital Market, CEGL is subject to the Securities and Exchange Act of 1934, as amended (the "Exchange Act") and the rules and regulations promulgated thereunder, which requires, among other things, the filing of an Annual Report on Form 20-F for foreign private issuers such as CEGL. The Group has prepared its financial statements for the purposes of the Annual Report on Form 20-F and for all purposes other than compliance with the Corporations Act in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). The financial information included in this report is considered non-GAAP financial information under Regulation G under the Exchange Act and, as such, may not be comparable to similarly titled information presented by other companies and should be construed as an alternative to other financial information prepared in accordance with U.S. GAAP.

The Group believes that its results determined in accordance with U.S. GAAP ("GAAP Results") are useful in evaluating operational performance. The Group uses GAAP Results to evaluate ongoing operations, for internal planning and forecasting purposes and for informing its investors based in the United States.

The GAAP Results are not a measurement of our financial performance under IFRS and should not be considered as an alternative to performance measures derived in accordance with IFRS.

The Group presents the GAAP Results because financial information prepared under U.S. GAAP is more frequently used (by comparison with financial information prepared under IFRS) by securities analysts, investors, and other interested parties in the evaluation of the Group and other companies in its industry. Management believes that investors' understanding of the Group's performance is enhanced by presenting its GAAP Results.

In accordance with the rules and requirements under Regulation G, the Group is providing a reconciliation of IFRS results to US GAAP results as <u>Exhibit A</u> to this report. The U.S. GAAP to IFRS reconciliation tables on <u>Exhibit A</u> to this report include U.S. GAAP information as of and for the years ended 31 December 2021 and 2020, which U.S. GAAP information was derived from the Company's Annual Report on Form 20-F for the year ended 31 December 2021, filed with U.S. Securities and Exchange Commission in accordance with the Securities Exchange Act of 1934, as amended.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors

Peter Z. Wang
Director

26 April 2022

Cenntro Electric Group Ltd
Exhibit A
31 December 2021

The following table reconciles the Group's audited balance sheet under U.S. GAAP with its audited balance sheet under IFRS as of 31 December 2021 and 2020, respectively:

	For the Year Ended					
	31 December 2021			31 December 2020		
Balance Sheet:	**U.S. GAAP**	**IFRS Difference**	**IFRS**	**U.S. GAAP**	**IFRS Difference**	**IFRS**
Current assets						
Cash and cash equivalents	261,069,414	-	261,069,414	4,549,034	-	4,549,034
Restricted cash	595,548	-	595,548	-	-	-
Accounts receivable, net	2,047,560	-	2,047,560	463,333	-	463,333
Inventories	8,139,816	-	8,139,816	4,207,990	-	4,207,990
Prepayment and other current assets, net	7,989,607	-	7,989,607	2,087,756	-	2,087,756
Receivable from disposal of land use right and	-	-	-	7,724,138	-	7,724,138
Amount due from related parties - current	1,232,634	-	1,232,634	1,101,144	-	1,101,144
Total current assets	**281,074,579**	-	**281,074,579**	**20,133,395**	-	**20,133,395**
		-				
Non-current assets		-				
Equity investments	329,197	-	329,197	-	-	-
Plants and equipment, net	1,301,226	-	1,301,226	1,039,191	-	1,039,191
Intangible assets, net	3,313	-	3,313	45,430	-	45,430
Right-of-use assets , net	1,669,381	-	1,669,381	423,304	-	423,304
Amount due from related parties – non-current	4,834,973		4,834,973	-		-
Other non-current assets, net	2,151,700	-	2,151,700	1,117,648	-	1,117,648
Total non-current assets	**10,289,790**		**10,289,790**	**2,625,573**		**2,625,573**
Total assets	**291,364,369**		**291,364,369**	**22,758,968**		**22,758,968**
Current liabilities						
Accounts payable	3,678,823	-	3,678,823	3,722,686	-	3,722,686
Accrued expense and other current liabilities	4,183,263	-	4,183,263	5,743,323	-	5,743,323
Contractual liabilities	1,943,623	-	1,943,623	1,690,837	-	1,690,837
Operating lease liabilities, current	839,330	-	839,330	131,014	-	131,014
Amount due to related parties	15,756,028	-	15,756,028	3,248,777	-	3,248,777
Total current liabilities	**26,401,067**		**26,401,067**	**14,536,637**		**14,536,637**
Non-current liabilities						
Other non-current liabilities	700,000		700,000	-	-	-
Operating lease liabilities-non current	489,997		489,997	356,143		356,143
Total non-current liabilities	**1,189,997**		**1,189,997**	**356,143**		**356,143**
Total liabilities	**27,591,064**		**27,591,064**	**14,892,780**		**14,892,780**
Equity						
Ordinary Shares (No par value; 261,256,254 shares issued and outstanding as of	-	-	-	1,000	-	1,000
Additional paid-in capital	374,901,939	186,157,104 (1)	561,059,043	103,112,793	(22,144,502)	80,969,291
Accumulated other comprehensive loss	(1,392,699)	1,392,699	-	(1,904,839)	1,904,839	-
Reserves	-	21,880,128 (2)	21,880,128	-	20,239,663 (3)	20,239,663
Accumulated deficit	(109,735,935)	(209,429,931)	(319,165,866)	(93,314,128)	-	(93,314,128)
Total Stockholders' Equity	**263,773,305**		**263,773,305**	**7,894,826**		**7,894,826**
Noncontrolling interest	-	-	-	(28,638)	-	(28,638)
Total Equity	**263,773,305**		**263,773,305**	**7,866,188**		**7,866,188**
Total Liabilities and Equity	**291,364,369**		**291,364,369**	**22,758,968**		**22,758,968**

(1) Includes $(23,272,827) in share-based compensation payments and additional equity of $209,429,931 recognised from the difference between the deemed transaction price and net assets acquired related to the Combination under IFRS.

(2) Includes (i) a restatement of Accumulated other comprehensive loss under U.S. GAAP of $(1,392,699) to Reserves and (ii) $23,272,827 in share-based compensation payments under IFRS.

(3) Includes (i) a restatement of Accumulated other comprehensive loss under U.S. GAAP of $(1,904,839) to Reserves and (ii) $22,144,502 in share-based compensation payments under IFRS.

Cenntro Electric Group Ltd
Exhibit A
31 December 2021

The following table reconciles the Group's audited statement of operations under U.S. GAAP for the years ended 31 December 2021 and 2020 with its statement of operations under IFRS for the years ended 31 December 2021 (audited) and 2020 (unaudited), respectively:

	For the Year Ended					
	31 December 2021			31 December 2020		
Statement of Operations:	**U.S. GAAP**	**IFRS Difference**	**IFRS**	**U.S. GAAP**	**IFRS Difference**	**IFRS**
Net revenues	$8,576,832	-	$8,576,832	$5,460,003	-	$5,460,003
Cost of goods sold	(7,073,391)	-	(7,073,391)	(4,889,850)	-	(4,889,850)
Gross Profit	**1,503,441**		**1,503,441**	**570,153**		**570,153**
Selling and marketing expenses	(1,034,242)	-	(1,034,242)	(783,763)	-	(783,763)
General and administrative expenses	(14,978,897)	-	(14,978,897)	(8,735,534)	-	(8,735,534)
Research and development expenses	(1,478,256)	-	(1,478,256)	(1,365,380)	-	(1,365,380)
Provision for doubtful accounts	(469,702)	-	(469,702)	(319,816)	-	(319,816)
Total operating expenses	**(17,961,097)**	**-**	**(17,961,097)**	**(11,204,493)**	**-**	**(11,204,493)**
Loss from operations	**(16,457,656)**		**(16,457,656)**	**10,634,340)**		**(10,634,340)**
Interest expense, net	(1,069,581)	-	(1,069,581)	(1,411,558)	-	(1,411,558)
Other income, net	1,090,263	-	1,090,263	173,624	-	173,624
Income (loss) from and impairment on equity method investments	15,167	-	15,167	(330,103)	-	(330,103)
Cost of listing on reverse acquisition	-	(209,429,931)	(209,429,931)	-	-	-
Gain from disposal of land use rights and properties	-	-	-	7,005,446	-	7,005,446
Loss before income taxes	**(16,421,807)**		**(225,851,738)**	**(5,196,931)**		**(5,196,931)**
Income tax (expense) benefit	-	-	-	-	-	-
Net loss	**(16,421,807)**		**(225,851,738)**	**(5,196,931)**		**(5,196,931)**
Less: Net loss attributable to non-controlling interests	-	-	-	(31,039)	-	(31,039)
Net loss attributable to shareholders	**(16,421,807)**		**(225,851,738)**	**(5,165,892)**		**(5,165,892)**
Other comprehensive loss		**-**	-	-	**-**	-
Foreign currency translation adjustment	512,140	-	512,140	1,290,855	-	1,290,855
Total comprehensive loss	**(15,909,667)**		**(225,339,598)**	**(3,906,076)**		**(3,906,076)**
Less: total comprehensive loss attributable to non-controlling interests	-	-	-	(39,210)	-	(39,210)
Total comprehensive loss attributable to the Group's shareholders	**(15,909,667)**		**(225,339,598)**	**(3,866,866)**		**(3,866,866)**

As set forth above, the material differences between the U.S. GAAP and IFRS presentation with respect to the Group's consolidated balance sheet as of 31 December 2021 and combined balance sheet as of 31 December 2020 are as follows:

a) The reclassification of "Accumulated other comprehensive loss" under U.S. GAAP to "Reserves" under IFRS;
b) The reclassification of amounts of IFRS share-based payments from "Additional paid-in capital" under U.S. GAAP to "Reserves" under IFRS; and
c) Additional equity recognized from the difference between the total deemed transaction price and net assets acquired related to the Combination under IFRS.

As set forth above, the material difference between the U.S. GAAP and IFRS presentation as it relates to the Group's combined statement of operations and comprehensive loss for the years ended 31 December 2021 and 2020 is as follows:

In 2021, the Group was deemed to have incurred non-cash listing costs of approximately $209.4 million as a result of the IFRS accounting treatment of the Combination, as Cenntro was deemed to have received a 67% controlling interest in CEGL (formerly NBG) and the Group was deemed to have incurred listing costs equalling the difference between the total deemed transaction price and total net assets. Under U.S. GAAP, the Combination is accounted for as a reverse recapitalisation, which is equivalent to the issuance of shares by Cenntro for the net assets of CEGL (formerly NBG), accompanied by a recapitalisation).

Achieving together with wisdom

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Auditor's Independence Declaration

As lead auditor for the audit of the financial report of Cenntro Electric Group Ltd for the year ended 31 December 2021, I declare that, to the best of my knowledge and belief, during the year ended 31 December 2021, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Cenntro Electric Group Ltd during the year ended 31 December 2021.

Wis Audit Pty Ltd

Zhiyuan Liang
Director

Sydney, 26 April 2022

General information

Cenntro Electric Group Ltd ACN 619 054 938 (formerly known as Naked Brand Group Limited ("NBG")) (referred to hereafter as "CEGL") is a public company limited by shares incorporated in Australia whose shares are publicly traded on Nasdaq Stock Market (“Nasdaq”).

Cenntro Automotive Corporation (“CAC”) was incorporated in the state of Delaware in the United States on 22 March 2013. CAC became CAG Cayman’s wholly owned company on 26 May 2016. CAC’s operations include corporate affairs, administrative, human resources, global marketing and sales, after-market support, homologation, and quality assurance. CAC also leases and operates facilities in Freehold, New Jersey, including the Group’s corporate headquarters, and Jacksonville, Florida facility.

Cenntro Automotive Group Limited (“CAG HK”) was established on 15 February 2016 in Hong Kong. CAG HK is a non-operating, investment holding company, which conducts business through its subsidiaries in mainland China and Hong Kong.

Cenntro Electric Group, Inc. (“CEG”) was incorporated in the state of Delaware in the United States on 9 March 2020.

CEGL was incorporated in Australia on 11 May 2017 and is the legal parent company of Cenntro (as defined below). NBG changed its name to Cenntro Electric Group Ltd on 30 December 2021, in connection with the closing of the Combination (as defined below).

CAC, CEG and CAG HK and its consolidated subsidiaries are collectively referred to hereinafter as “Cenntro”; CEGL and Cenntro are collectively referred to hereinafter as the "Group”. The Group designs and manufactures purpose–built, electric commercial vehicles (“ECVs”) used primarily in last mile delivery and industrial applications.

CEGL’s principal place of business is:

501 Okerson Road, Freehold, New Jersey 00728

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 April 2022. The directors have the power to amend and reissue the financial statements.

Cenntro Electric Group Ltd
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2021

	Note	2021 $	2020 Unaudited $
Revenue			
Revenue	4	8,576,832	5,460,003
Cost of goods sold		(7,073,391)	(4,889,850)
Gross profit		1,503,441	570,153
Operating expenses			
Selling and marketing expenses	5	(1,034,242)	(783,763)
General and administrative expenses	6	(14,978,897)	(8,735,534)
Research and development expenses	7	(1,478,256)	(1,365,380)
Provision for doubtful accounts		(469,702)	(319,816)
Operating loss		(16,457,656)	(10,634,340)
Income/(loss) from investment using equity method	17	15,167	(330,103)
Gain on disposal of land use rights and properties		-	7,005,446
Finance cost	8	(1,069,581)	(1,411,558)
Other income		1,090,263	173,624
Cost of listing	9	(209,429,931)	-
		(209,394,082)	5,437,409
Loss before income tax expense		(225,851,738)	(5,196,931)
Income tax expense	10	-	-
Loss after income tax expense for the year		(225,851,738)	(5,196,931)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		512,140	1,290,855
Other comprehensive income for the year, net of tax		512,140	1,290,855
Total comprehensive income for the year		(225,339,598)	(3,906,076)
Loss for the year is attributable to:			
Non-controlling interest		-	(31,039)
Owners of Cenntro Electric Group Ltd	26	(225,851,738)	(5,165,892)
		(225,851,738)	(5,196,931)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		-	(39,210)
Owners of Cenntro Electric Group Ltd		(225,339,598)	(3,866,866)
		(225,339,598)	(3,906,076)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Cenntro Electric Group Ltd
Statement of financial position
As at 31 December 2021

	Note	2021 $	2020 $
Assets			
Current assets			
Cash and cash equivalents	11	261,069,414	4,549,034
Restricted cash	12	595,548	-
Trade receivables	13	2,047,560	463,333
Inventories	14	8,139,816	4,207,990
Receivable from disposal of land use rights and properties	15	-	7,724,138
Amounts due from related parties	34	1,232,634	1,101,144
Prepayment and other receivables	16	7,989,607	2,087,756
Total current assets		281,074,579	20,133,395
Non-current assets			
Investments accounted for using the equity method	17	329,197	-
Property, plant and equipment	18	1,301,226	1,039,191
Right-of-use assets	19	1,669,381	423,304
Intangible assets	20	3,313	45,430
Amount due from related parties	34	4,834,973	-
Prepayment and other receivables	21	2,151,700	1,117,648
Total non-current assets		10,289,790	2,625,573
Total assets		291,364,369	22,758,968
Liabilities			
Current liabilities			
Trade and other payables	22	3,678,823	3,722,686
Contract liabilities	4	1,943,623	1,690,837
Lease liabilities	19	839,330	131,014
Amounts due to related parties	34	15,756,028	3,248,777
Accrued expenses and other current liabilities	23	4,183,263	5,743,323
Total current liabilities		26,401,067	14,536,637
Non-current liabilities			
Other payables		700,000	-
Lease liabilities	19	489,997	356,143
Total non-current liabilities		1,189,997	356,143
Total liabilities		27,591,064	14,892,780
Net assets		263,773,305	7,866,188
Equity			
Contributed equity	24	561,059,043	80,969,291
Reserves	25	21,880,128	20,239,663
Accumulated losses	26	(319,165,866)	(93,314,128)
Equity attributable to the owners of Cenntro Electric Group L Non-		263,773,305	7,894,826
controlling interest		-	(28,638)
Total equity		263,773,305	7,866,188

The above statement of financial position should be read in conjunction with the accompanying notes

Cenntro Electric Group Ltd
Statement of changes in equity
For the year ended 31 December 2021

	Contributed equity $	Reserves $	Retained profits $	Non-controlling interest $	Total equity $
Balance at 1 January 2020	80,969,291	15,576,420	(88,148,236)	10,572	8,408,047
Loss after income tax expense for the year	-	-	(5,165,892)	(31,039)	(5,196,931)
Other comprehensive income for the year, net of tax	-	1,299,026	-	(8,171)	1,290,855
Total comprehensive income for the year	-	1,299,026	(5,165,892)	(39,210)	(3,906,076)
Transactions with owners in their capacity as owners:					
Share-based payments (note 39)	-	3,364,217	-	-	3,364,217
Balance at 31 December 2020	80,969,291	20,239,663	(93,314,128)	(28,638)	7,866,188

	Contributed equity $	Reserves $	Retained profits $	Non-controlling interest $	Total equity $
Balance at 1 January 2021	80,969,291	20,239,663	(93,314,128)	(28,638)	7,866,188
Loss after income tax expense for the year	-	-	(225,851,738)	-	(225,851,738)
Other comprehensive income for the year, net of tax	-	512,140	-	-	512,140
Total comprehensive income for the year	-	512,140	(225,851,738)	-	(225,339,598)
Transactions with owners in their capacity as owners:					
Deemed increase in share capital due to reverse acquisition, net of transaction costs (note 24)	494,446,533	-	-	-	494,446,533
Share-based payments (note 39)	-	1,128,325	-	-	1,128,325
Exemption of debt due from shareholders	(426,781)	-	-	-	(426,781)
Reduction of capital investment	(13,930,000)	-	-	-	(13,930,000)
Liquidation of subsidiary	-	-	-	28,638	28,638
Balance at 31 December 2021	561,059,043	21,880,128	(319,165,866)	-	263,773,305

The above statement of changes in equity should be read in conjunction with the accompanying notes

Cenntro Electric Group Ltd
Statement of cash flows
For the year ended 31 December 2021

	Note	2021 $	2020 Unaudited $
Cash flows from operating activities			
Loss before income tax expense for the year		(225,851,738)	(5,196,931)
Adjustments for:			
Depreciation and amortisation		1,269,177	2,039,083
Impairment of property, plant and equipment		6,215	58,760
Net gain on disposal of property, plant and equipment		(55,087)	(7,007,263)
Share-based payments		1,128,325	3,364,217
Foreign exchange differences		14,212	74,851
Written-down of inventories		1,265,890	719,608
Provision for doubtful accounts		469,702	319,816
Government grants of federal loan forgiven		(53,619)	-
Equity pickup of investments in associates		(15,167)	330,103
Gain from disposal of long-term investment		(508,156)	-
Cost of listing on reverse acquisition		209,429,931	-
		(12,900,315)	(5,297,756)
Change in operating assets and liabilities:			
Increase in trade receivables		(2,002,919)	(342,689)
Decrease/(increase) in inventories		(5,087,563)	1,944,683
Increase in prepayment and other assets		(2,687,994)	(659,277)
Decrease in trade and other payables		(128,508)	(3,726,929)
Increase in accrued expenses and other current liabilities		1,376,950	106,623
Increase/(decrease) in amount due to/from related parties		(128,640)	643,903
Increase in contract liabilities		286,499	(267,038)
Decrease in operating lease liabilities		(903,096)	(276,274)
Increase in long-term payable		700,000	-
Net cash used in operating activities		(21,475,586)	(7,874,754)
Cash flows from investing activities			
Cash payment for long-term investment payable		(909,808)	-
Payments for property, plant and equipment	18	(756,269)	(77,012)
Loan provided to related parties		(232,529)	(2,827,645)
Purchase of equity investment in associates		(310,038)	-
Proceeds from disposal of investments		465,941	-
Proceeds from disposal of property, plant and equipment		7,888,901	27,027,065
Repayment of loans from related parties		1,088,441	2,344,897
Net cash from investing activities		7,234,639	26,467,305
Cash flows from financing activities			
Loans proceed from related parties		5,020,218	3,462,725
Repayment of loans to related parties		(6,493,707)	(6,115,534)
Loans proceed from third parties		-	2,882,576
Repayment of loans to third parties		(3,928,380)	(227,066)
Proceeds from bank loans		53,619	10,862,968
Repayments of bank loans		-	(26,375,287)
Proceeds from reverse acquisition		247,382,859	-
Loan proceed from Naked Brand Group Limited		30,000,000	-
Payment of expense of reversed acquisition		(883,300)	-
Net cash from/(used in) financing activities		271,151,309	(15,509,618)

The above statement of cash flows should be read in conjunction with the accompanying notes

Cenntro Electric Group Ltd
Statement of cash flows
For the year ended 31 December 2021

	Note	2021 $	2020 Unaudited $
Net increase in cash and cash equivalents		256,910,362	3,082,933
Cash and cash equivalents at the beginning of the financial year		4,549,034	1,228,706
Effects of exchange rate changes on cash and cash equivalents		205,566	237,395
Cash and cash equivalents at the end of the financial year	11	261,664,962	4,549,034

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

Reporting Entity
Cenntro Electric Group Limited (“CEGL”) is a public company limited by shares incorporated in Australia whose shares are publicly traded on Nasdaq Stock Market (“Nasdaq”). CEGL is a for-profit entity for the purposes of preparing the financial statements. Due to the reverse acquisition transaction (as disclosed in the below paragraphs), the financial statements of the Group are issued under the name CEGL (the legal parent) for the Group and a continuation of the financial statements of Cenntro. (Refer to the paragraph "Principles of combination and consolidation").

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

New or amended Accounting Standards and Interpretations adopted
The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Reverse acquisition
On 30 December 2021, a stock purchase transaction (the “Combination”) was consummated pursuant to that certain stock purchase agreement, dated as of 5 November 2021 (the “Acquisition Agreement”), by and among CEGL (at the time, NBG), CAG Cayman, CAC, CEG and CAG HK, whereby CEGL purchased from CAG Cayman (i) all of the issued and outstanding ordinary shares of CAG HK, (ii) all of the issued and outstanding shares of common stock, par value US$0.001 per share, of CAC, and (iii) all of the issued and outstanding shares of common stock, par value US$0.01 per share, of CEG, in exchange for an aggregate purchase price of (i) 174,853,546 newly issued ordinary shares of CEGL and (ii) the assumption of options to purchase an aggregate of 9,225,271 ordinary shares under the Cenntro Electric Group Limited Amended & Restated 2016 Incentive Stock Option Plan (the “Amended 2016 Plan”). The Combination closed on 30 December 2021. In connection with the closing of the Combination, CEGL changed its name from “Naked Brand Group Limited” to “Cenntro Electric Group Limited”.

In accordance with *AASB 3 Business Combination*, a reverse acquisition occurs when an entity that issues shares (the legal parent or the legal acquirer) is identified as the accounting acquiree, and accordingly, the legal subsidiary (or the legal acquiree) is identified as the accounting acquirer. The Combination has features of a reverse acquisition under *AASB 3 Business Combination*. NBG (now CEGL) is a public listed company on Nasdaq while Cenntro is a private operating group of entities immediately before the Combination. As of the closing of the Combination, NBG (now CEGL) acquired all the shares of CAC, CEG, CAG HK (which owns controlled operating entities) and the owners of Cenntro own a majority of the shares in CEGL and in substance obtained control of CEGL (the public listed company). For the purpose of AASB 3, CEGL (the legal acquirer) is deemed the accounting acquiree and CAG HK (one of the legal acquirees), as the dominant entity of Cenntro (all products of Cenntro are developed and designed by CAG HK and its controlled entities) is deemed the accounting acquirer.

Note 1. Significant accounting policies (continued)

The accounting acquiree CEGL does not constitute a business for the purposes of *AASB 3 Business Combination* as it does not have the characters of business for the purpose of AASB 3 immediately before the Combination. As a result, instead of applying accounting methodology required by *AASB 3 Business Combination*, the Combination is accounted for as share-based payments by CAG HK for the net identifiable assets and listing status of CEGL in accordance with *AASB 2 Share-based Payment.* The consideration of the Combination is measured at fair value of the shares of CEGL that are outstanding just before the Combination on a fully diluted basis. Any difference between the fair value of the transaction price and the fair value of any identifiable net assets received represents a service received by the accounting acquirer CAG HK. Therefore, the excess of the transaction price over the cash balances and other net identifiable assets acquired is a cost of services for obtaining a listing recognised in the current year's income statement in accordance with the IFRS Interpretation Committee March 2013 agenda decision (refer to note 9).

Principles of combination and consolidation

Common control combinations and pooling of interests method
As the Combination involves all entities in the Group under common control, it is outside of AASB 3 and there is no other specific IFRS guidance. Accordingly, management determined to use certain principles in pooling of interests method for the preparation of the Group's financial statements, which is most relevant and reliable method (in accordance with *AASB 8 Accounting Policies, Changes in Accounting Estimates and Errors*). The adoption of the method is also consistent with requirements of US GAAP (SFAS 141 Business Combination paragraphs D11-D18).

Under this method, the Group's financial statements incorporate the assets and liabilities of all the entities in the Group as at 31 December 2021 and the results of all the entities in the Group for the year then ended. In addition:

- the assets and liabilities of the accounting acquiree are recorded at book value not fair value;
- no goodwill is recorded, and
- comparative amounts are restated as if the combination had taken place at the beginning of the earliest comparative period presented.

Consolidation and subsidiaries
Subsidiaries are all those entities over which a company has control. A company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries and other group entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation

The financial statements are presented in United States dollars ("USD" or "$").

Note 1. Significant accounting policies (continued)

Foreign currency transactions
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into United States dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into United States dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
The Group recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods
Revenue from the sale of goods is recognised at a point in time once the Group has determined that the customer has obtained control over the product. Control is typically deemed to have been transferred to the customer when the performance obligation is fulfilled, usually at the time of delivery, at the net sales price (transaction price).

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered.

Other income
Other income is recognised when it is received or when the right to receive payment is established.

Cost of goods sold
Cost of goods sold mainly consists of production related costs including costs of raw materials, consumables, direct labour, overhead costs, depreciation of plants and equipment, manufacturing waste treatment processing fees and inventory write-downs.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Note 1. Significant accounting policies (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. The expected credit loss is recorded for periods in which the Group determines a loss is probable, based on its assessment of specific factors, such as troubled collections, historical experience, accounts aging, ongoing business relations and other factors. Account balances are charged off against the provision after all means of collection have been exhausted and the potential for recovery is considered remote.

Other receivables are recognised at amortised cost less any allowance for expected credit losses.

Inventories
Inventories are stated at the lower of cost or net realisable value. The cost of raw materials is determined on the basis of weighted average. The cost of finished goods is determined on the basis of weighted average and comprises direct materials, direct labour cost and an appropriate proportion of overhead.

Note 1. Significant accounting policies (continued)

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of an associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method upon the loss of significant influence over an associate and recognises any retained investment at its fair value. Any difference between an associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Machinery and equipment	5-10 years
Office equipment	5 years
Motor vehicles	3-5 years
Leasehold improvements	3-10 years
Others	3 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 1. Significant accounting policies (continued)

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities
Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Note 1. Significant accounting policies (continued)

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments
Equity-settled transactions are awards of options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 1. Significant accounting policies (continued)

Contributed equity
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The deemed increase in equity from the reverse acquisition is also recognised as contributed equity.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Please refer to note 39.

Income tax
The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Reverse acquisition
Refer to "Reverse acquisition" in Note 1.

Note 3. Operating segments

In accordance with AASB 8 Operating Segment, the Group's chief operating decision maker ("CODM"), identified as the Group's Chief Executive Officer, relies upon the consolidated and combined results of operations as a whole when making decisions about allocating resources and assessing the performance of the Group. As a result of the assessment made by CODM, the Group has only one reportable segment. The Group does not distinguish between markets or segments for the purpose of internal reporting. As the Group's operating assets are substantially located in the PRC, no geographical segments are presented.

Note 4. Revenue

(a) Disaggregation of revenue

The following table disaggregates the Group's revenue by product line for the years ended 31 December 2021 and 2020:

	2021 $	2020 Unaudited $
Electric vehicles sales	7,287,478	5,037,454
Spare parts sales	195,350	163,142
Services and others	1,094,004	259,407
	8,576,832	5,460,003

Timing of revenue recognition

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. The analysis of the revenue recognition point is as below:

	2021 $	2020 Unaudited $
At a point in time	7,482,828	5,200,596
Over time	1,094,004	259,407
	8,576,832	5,460,003

Geographical regions

The Group's revenues are primarily derived from Europe, America and Asia. The following table sets forth disaggregation of revenue:

	2021	2020 Unaudited
Europe	4,380,752	4,008,763
America	3,420,636	734,206
Asia	729,868	717,034
Oceania	45,576	-
	8,576,832	5,460,003

(b) Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

Note 4. Revenue (continued)

	2021 $	2020 $
Current assets		
Trade receivable from customers	3,523,543	1,584,448
Less: provision for doubtful debt	(1,475,983)	(1,121,115)
	2,047,560	463,333
Current liabilities		
Contract liabilities	1,943,623	1,690,837

Timing of revenue recognition may differ from the timing of invoicing to customers. Accounts receivable represent revenue recognised for the amounts invoiced and/or prior to invoicing when the Group has satisfied its performance obligation and has unconditional right to the payment. The Group has no contract assets as of 31 December 2021 and 2020.

Contractual liabilities primarily represent the Group's obligation to transfer additional goods or services to a customer for which the Group has received consideration. The consideration received remains a contractual liability until goods or services have been provided to the customer.

Note 5. Selling and marketing expenses

	2021 $	2020 Unaudited $
Share-based payment	-	175,644
Employment costs	235,206	298,068
Freight expenses	353,759	145,147
Marketing expenses	327,429	423
Others	117,848	164,481
	1,034,242	783,763

Note 6. General and administrative expenses

	2021 $	2020 Unaudited $
Share-based payment	975,631	2,560,769
Employment costs	4,232,489	1,962,576
Depreciation and amortisation	947,725	1,520,766
Office expenses	648,384	177,330
Legal and professional fees	7,694,618	946,355
Travel expenses	164,249	102,375
Tax and surcharge	36,639	637,858
Others	279,162	827,505
	14,978,897	8,735,534

Note 7. Research and development expenses

	2021 $	2020 Unaudited $
Share-based payment	152,694	627,804
Employment costs	444,736	384,822
Design and development expenses	750,673	278,103
Depreciation and amortisation	42,708	39,533
Others	87,445	35,118
	1,478,256	1,365,380

Note 8. Finance cost

	2021 $	2020 Unaudited $
Interest income	28,801	71,151
Interest expenses	(1,098,382)	(1,482,709)
	(1,069,581)	(1,411,558)

Note 9. Cost of listing on reverse acquisition

As disclosed in Note 1, the Combination has been accounted for under the principles of reverse acquisitions.

The fair value of the transaction price for the Combination is based on NBG's deemed issued and outstanding shares of 86,452,034 shares (including 7,151,612 shares issued to ex-CEO of Naked Brand Group Limited on 30 December 2021) on a fully diluted basis immediately before the Combination and the closing price $5.74 of Naked Brand Group Limited (now CEGL) on 29 December 2021.

Details of the pre-combination fair value of the assets and liabilities of CEGL as at 30 December 2021 are as follows:

Fair value as at 30 December 2021(1)	
Cash and cash equivalents	247,252,835
Receivable and other receivable	5,161,958
Loan receivable	30,479,452
Other current assets	2,488,528
Property, plant and equipment	100,548
Right-of-use assets	168,813
Other non-current assets	1,600,915
Restricted cash	130,024
Trade and other payables	(578,329)
Net Assets	286,804,744
Cost of listing on reverse acquisition	
Fair value of transaction price	496,234,675
Less: fair value of net assets acquired	(286,804,744)
	209,429,931

(1) The fair value of net assets of CEGL on 30 December 2021 approximates their carrying amount.

Note 10. Income tax

Australia
CEGL is subject to a tax rate of 30%.

Note 10. Income tax (continued)

United States
CAC, CEG, NBGI and Naked Inc. are subject to a federal tax rate of 21%.

Hong Kong
Hong Kong has implemented a two-tier corporate income tax system, which is 8.25% for the first HK$2.0 million profits, and 16.5% for subsequent profits. Under the HK tax laws, Hong Kong registered companies are exempt from Hong Kong income tax on its foreign-derived income. CAG HK and Simachinery HK, are registered in Hong Kong as intermediate holding companies, subject to an income tax rate of 16.5% for taxable income earned in Hong Kong.

PRC
Pursuant to the tax laws and regulations of the PRC, the applicable enterprise income tax ("EIT") rate is 25% for the Group's PRC subsidiaries.

Income tax expenses
Income tax expenses for the years ended 31 December 2021 and 2020 are nil.

The actual income tax expense reported in the consolidated and combined statements of operations and comprehensive loss for years ended 31 December 2021 and 2020 differs from the amount computed by applying the PRC statutory income tax rate to income before income taxes due to the following:

	2021 $	2020 Unaudited $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(225,851,738)	(5,196,931)
Tax at the statutory tax rate of 25%	(56,462,935)	(1,299,233)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Effect of different tax rates from different tax jurisdictions	700,336	91,397
Effect of non-deductible expenses	396,826	95,659
Effect of research and development deduction	(204,807)	(147,155)
Effect of unrecognised deferred tax assets	3,213,097	1,259,332
Effect of cost of listing recognised under reverse acquisition	52,357,483	-
Income tax expense	-	-

The tax effects of temporary differences that give rise to the deferred income tax assets balances as of 31 December 2021 and 2020 are as follows:

	2021 $	2020 $
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Tax loss carry forward	12,646,183	12,097,336
Impairment of assets	2,013,232	1,993,546
Employee share option plan expense*	-	4,981,854
Total deferred tax assets not recognised	14,659,415	19,072,736

Note 10. Income tax (continued)

* In connection with the closing of the Combination, each employee stock option outstanding under the Amended 2016 Plan immediately prior to the closing of the Combination was automatically converted into an option to purchase a number of ordinary shares of CEGL. The Group doesn't intend to take a tax deduction for the share-based compensation in Australia as the options were granted primarily to China and US employees. Therefore, the related expense was recognised as a permanent difference for the year ended 31 December 2021, and the prior year deferred income tax asset balance was written off as of 31 December 2021.

In assessing the realisation of deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will not be realised. The ultimate realisation of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible or utilisable. Therefore, the above potential tax benefit, which includes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

For entities incorporated in Hong Kong, net losses of $976,786 can be carried forward indefinitely.

For entities incorporated in the U.S., federal net operating losses of $13,357,248 can be carried forward indefinitely subject to a limitation in utilization against 80% of annual taxable income. Federal net operating losses of $3,740,688 and $1,430,246 will expire if unused by 2035 and 2036, respectively.

For entities incorporated in the PRC, net losses can be carried forward for five years. PRC net losses of $41,251,350 were available to offset future taxable income. Net losses of $7,973,456, $15,541,874, $7,556,351, $3,362,995, $6,816,673 will expire, if unused, by 2022, 2023, 2024, 2025, and 2026, respectively.

Uncertain tax positions
The Group evaluates each uncertain tax position (including the potential application of interest and penalties) based on the technical merits, and measures the unrecognized benefits associated with the tax positions. As of 31 December 2021 and 2020, the Group did not have any significant unrecognized uncertain tax positions or any unrecognized liabilities, interest or penalties associated with unrecognised tax benefits. The Group does not believe that its uncertain tax benefits position will materially change over the next twelve months.

Internal Revenue Code of 1986, as amended ("IRC"), Section 382 provides that, after an ownership change, the amount of a loss corporation's taxable income for any post-change year that may be offset by pre-change losses shall not exceed the IRC Section 382 limitation for that year. The IRC Section 382 limitation generally equals the fair market value of the old loss corporation multiplied by the long-term tax-exempt rate. A loss corporation is any corporation that has a net operating loss, a net operating loss carry forward, or a net unrealised built-in loss for the taxable year in which the ownership change occurs. An ownership change is a greater than 50-percentage point increase in ownership by five-percent shareholders.

The Group has not yet performed an IRC Section 382 analysis to determine whether an ownership change has occurred and whether any tax attributes are limited. The Group has recorded a full valuation allowance against its deferred tax assets and does not expect to utilise its tax attributes.

Note 11. Cash and cash equivalents

	2021 $	2020 $
Cash at bank	261,069,414	4,549,034
Reconciliation to cash and cash equivalents at the end of the financial year		
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:		
Balances as above	261,069,414	4,549,034
Restricted cash (note 12)	595,548	-
	261,664,962	4,549,034

Note 12. Restricted cash

	2021 $	2020 $
Bank guarantee	130,024	-
Cash under restriction in connection with a legal proceeding	465,524	-
	595,548	-

Note 13. Trade receivables

	2021 $	2020 $
Trade receivables	3,523,543	1,584,448
Less: Allowance for expected credit losses	(1,475,983)	(1,121,115)
	2,047,560	463,333

Movements in the allowance for expected credit losses are as follows:

	2021 $	2020 $
Opening balance	1,121,115	874,355
Additional provisions recognised in income statement	391,189	92,009
Write-off	(86,170)	-
Foreign currency translation difference	49,849	154,751
Closing balance	1,475,983	1,121,115

Note 14. Inventories

	2021 $	2020 $
Raw material - at cost	4,204,039	3,472,098
Less: provision for impairment	(2,148,195)	(1,758,337)
	2,055,844	1,713,761
Work-in-progress - at cost	1,110,469	931,249
Finished goods - at cost	5,693,745	1,581,735
Less: provision for impairment	(720,242)	(18,755)
	4,973,503	1,562,980
	8,139,816	4,207,990

For the years ended 31 December 2021 and 2020, the impairment loss recognised by the Group for slow-moving inventory with cost lower than net realisable value was $1,265,890 and $719,608 respectively.

Note 15. Receivable from disposal of land use rights and properties

	2021 $	2020 $
Receivable from disposal of land use rights and properties	-	7,724,138

On 9 November 2020, the Group disposed its land use rights and buildings to a third party for total consideration of $34,326,979, with disposal gain of $7,005,446 recognised.

Note 16. Prepayment and other receivables

	2021 $	2020 $
Receivable from third parties	348,773	805,382
Advance to suppliers	3,686,708	814,322
Deductible input value added tax	1,196,186	903,715
Refund for goods and services tax ("GST")	2,488,528	-
Others	269,412	178,187
	7,989,607	2,701,606
Less: provision for receivable from third parties (1)	-	(613,850)
	7,989,607	2,087,756

(1) In 2021, the Group has written off all doubtful receivables for which provisions were provided.

Note 17. Investments accounted for using the equity method

	2021 $	2020 $
Investment in Hangzhou Hezhe Energy Technology Co., Ltd. ("Hangzhou Hezhe")	329,197	-
Zhejiang RAP Smartcar Corporation ("Zhejiang RAP")	-	-
Jiangsu Rongyuan Auto Co., Ltd. ("Jiangsu Rongyuan")	-	-
	329,197	-

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2021 $	2020 $
Opening carrying value	-	444,911
Additions	314,030	-
Share of movement in net assets of associates	15,167	-
Impairment of assets	-	(444,911)
Closing value	329,197	-

On 23 June 2021, Cenntro invested RMB2,000,000 (approximately $314,030) in Hangzhou Hezhe to acquire 20% of its equity interest. The Group accounts for the investment under the equity method because the Group controls 33% of voting interests, and has the ability to exercise significant influence over Hangzhou Hezhe. For the year ended 31 December 2021, the Group recognised investment gain of $15,167 based on its proportionate share of equity interest.

Note 17. Investments accounted for using the equity method (continued)

In March 2018, Cenntro invested in Zhejiang RAP Smartcar Corporation ("Zhejiang RAP") with the initial investment cost of $1,927,133. As of 1 January 2019, Cenntro's investment accounted for 33.4% of Zhejiang RAP's equity interest. The Group accounts for the investment under the equity method because the Group has the ability to exercise significant influence but does not have control over Zhejiang RAP. For the years ended 31 December 2020, Cenntro recognised investment loss of $330,103 based on its proportionate share of equity interests in Zhejiang RAP. On 18 March 2019, Cenntro disposed 6% of equity interest in Zhejiang RAP to a third party for the consideration of $955,400, with disposal gain of $794,624 recognised for the year ended 31 December 2019. After such disposal, Cenntro held 27.4% of equity interest in Zhejiang RAP with net carrying value of zero as of 31 December 2021 and 2020 due to recurring losses of Zhejiang RAP.

On 28 June 2017, Cenntro invested RMB4,500,000 (approximately $0.65 million) in Jiangsu Rongyuan Auto Co., Ltd. ("Jiangsu Rongyuan") to acquire 15% of its equity interests. The Group accounts for the investment under the equity method because the Group's representation on the board exceeds 33% and therefore the Group has the ability to exercise significant influence but does not have control over Jiangsu Rongyuan. For the year ended 31 December 2019, Cenntro recognised investment loss of $140,142 based on its proportionate share of equity interests in Jiangsu Rongyuan. Since the business conditions of Jiangsu Rongyuan deteriorated, Cenntro recognised impairment of $444,911 for the year ended 31 December 2019, reducing the cost to zero.

Note 18. Property, plant and equipment

	2021 $	2020 $
Machinery and equipment - at cost	2,230,695	2,714,812
Less: Accumulated depreciation	(1,086,048)	(1,341,017)
Less: Impairment	(162,640)	(742,777)
	982,007	631,018
Motor vehicles - at cost	303,712	318,122
Less: Accumulated depreciation	(268,088)	(233,328)
Less: Impairment	(2,633)	(2,570)
	32,991	82,224
Office equipment and furniture - at cost	834,314	965,352
Less: Accumulated depreciation	(620,538)	(703,616)
Less: Impairment	(15,611)	(15,246)
	198,165	246,490
Leasehold improvement - at cost	899,538	652,520
Less: Accumulated depreciation	(811,475)	(573,061)
	88,063	79,459
	1,301,226	1,039,191

Note 18. Property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant and Building $	Machinery and Equipment $	Motor Vehicle $	Office Equipment and Furniture $	Construction in progress $	Leasehold Improvement $	Total $
As at 1 January 2020	10,191,849	887,044	133,994	594,341	1,171,456	1,316,536	14,295,220
Additions	-	2,610	10,139	3,230	18,328	-	34,307
Disposals	(9,705,031)	-	(15,113)	(149,663)	(1,199,559)	(967,278)	(12,036,644)
Exchange differences	85,043	21,692	5,633	18,498	9,775	15,349	155,990
Impairment of assets	-	(41,921)	(2,430)	(14,409)	-	-	(58,760)
Depreciation expense	(571,861)	(238,407)	(49,999)	(205,507)	-	(285,148)	(1,350,922)
As at 31 December 2020	-	631,018	82,224	246,490	-	79,459	1,039,191
Additions	-	566,646	933	68,068	-	221,170	856,817
Disposals	-	-	(1,681)	(44,593)	-	-	(46,274)
Exchange differences	-	39,938	1,345	4,524	-	1,476	47,283
Impairment of assets	-	(6,215)	-	-	-	-	(6,215)
Depreciation expense	-	(249,380)	(49,830)	(76,324)	-	(214,042)	(589,576)
As at 31 December 2021	-	982,007	32,991	198,165	-	88,063	1,301,226

Note 19. Right-of-use assets

The Group leases offices space under non-cancellable operating leases. The Group considers those renewal or termination options that are reasonably certain to be exercised in the determination of the lease term and initial measurement of right of use assets and lease liabilities. Lease expense for lease payments is recognised on a straight-line basis over the lease term. Leases with an initial term of 12 months or less are not recorded on the balance sheets.

(1) Amounts recognised in the balance sheet
The balance sheet shows the following amounts relating to leases:

	2021 $	2020 $
Buildings - right-of-use	2,666,712	796,584
Less: Accumulated depreciation	(997,331)	(373,280)
	1,669,381	423,304

	2021 $	2020 $
Lease liabilities		
Current	839,330	131,014
Non-current	489,997	356,143
	1,329,327	487,157

Additions to the right-of-use assets during the year were $1,870,129 (2020: Nil).

Note 19. Right-of-use assets (continued)

	2021 $	2020 Unaudited $
Depreciation charge of right-of-use assets		
Buildings	66, 921	209,981
Interest expense (included in finance cost)	45,695	22,777
Short-term lease cost	4,974	16,717

The total cash outflow for leases in 2021 was $879,788 (2020: $310,931)

Note 20. Intangible assets

	2021 $	2020 $
Software - at cost	129,391	224,224
Less: Accumulated amortisation	(126,078)	(178,794)
	3,313	45,430

Note 21. Prepayment and other receivables

	2021 $	2020 $
Deposits	564,007	113,719
Deferred offering cost	-	1,003,929
Long-term Prepayment (1)	1,587,693	-
Receivable from a third party (2)	2,353,827	2,298,851
Less: allowance for receivable from a third party (2)	(2,353,827)	(2,298,851)
	2,151,700	1,117,648

(1) In 2021, NBG purchased a six-year prepaid officers' and directors' liability insurance policy for the existing officers and directors in connection with the closing of the Combination.

(2) In 2018, Cenntro signed an agreement with Anhua Automotive Co. Ltd., (“Anhua”) and paid an initial non-refundable deposit to participate in Anhua’s bankruptcy recombination process to develop further production capacity in China. However, due to the irrecoverable deterioration of Anhua’s business and Cenntro’s focus on Europe and America markets, Cenntro declined to further participate in the recombination process. Therefore, Cenntro recorded full provision for the deposit for the year ended 31 December 2019. The difference between the provision for receivable from a third party as of 31 December 2021 and 2020 was due to changes in the exchange rate between USD and RMB.

Note 22. Trade and other payables

	2021 $	2020 $
Trade payables	3,678,823	3,722,686

Refer to note 28 for further information on financial risk management.

Note 23. Accrued expenses and other current liabilities

	2021 $	2020 $
Loans from third parties (1)	419,642	4,073,856
Accrued professional fees (2)	2,429,843	370,555
Credit card payable (3)	510,151	-
Employee payroll and welfare payables	561,469	973,637
Other tax payable	48,672	6,576
Others	213,486	318,699
	4,183,263	5,743,323

(1) Loans from third parties
Loans from third parties represented a combined aggregate interest-free loans of nil and $65,900 as of 31 December 2021 and 2020, respectively, and combined aggregate interest-bearing loans of $419,642 and $4,007,956 as of 31 December 2021 and 2020, respectively, with the weighted average annual interest rate of 11.17% and 13.59%, respectively. The balance was due on demand and has since been repaid.

Cenntro is not subject to any material financial or restrictive covenants under the loan agreements with third parties. Each of these loans are unsecured obligations of Cenntro and rank equally with each other, and any future unsecured and unsubordinated indebtedness.

(2) Accrued professional fees
Accrued professional fees represent Combination related fees and expenses payable of $904,843, consulting fees payable of $1,200,000 and Nasdaq listing fees payable of $325,000.

(3) Credit card expense
Credit card expense represented the credit card payments payable, which was fully repaid in January 2022.

Note 24. Contributed equity

	2021 Shares	2020 Shares	2021 $	2020 $
Ordinary shares - fully paid	261,256,254	314,056,213	561,059,043	80,969,291

Movements in issued shares

	2021 shares	2020 shares
Opening balance as at 1 January	314,056,213	3,433,893
Cash collected from sale of new share issuance and cash exercise of warrants	446,058,057	153,744,757
Convertible notes converted to equity	29,493,180	109,279,966
Shares issued in lieu of agreed settlement	-	45,930,930
Conversion of debt	-	1,666,667
Shares issued - ex-CEO incentive	7,151,612	-
Shares issued in lieu of director fee	188,110	-
Shares issued under exercises of warrants	241,023,756	-
Additional shares issued on the closing of Combination	174,853,546	-
DTC participant level rounding	368,161	-
Shares consolidated due to 15/1 reverse split	(951,936,381)	-
	(52,799,959)	310,622,320
Closing balance as at 31 December	261,256,254	314,056,213

Note 24. Contributed equity (continued)

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of CEGL in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and CEGL does not have a limited amount of authorised capital.

On 13 December 2021, NGB announced a reverse split of every 15 ordinary shares into 1 ordinary share of NBG.

In connection with the closing of the Combination, NBG issued 174,853,546 shares to CAG Cayman as consideration for the Combination. As of 31 December 2021, CEGL's issued and outstanding ordinary shares are 261,256,254.

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of CEGL. Each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

Equity recognised on reverse acquisition

	2021 $
Fair value of transaction price (Note 9)	496,234,675
Less: transaction costs	(1,785,142)
	494,449,533

Restricted net assets
A significant portion of the Group’s operations are conducted through its PRC (excluding Hong Kong) subsidiaries. Due to restrictions on the distribution of share capital from the Group’s subsidiaries in PRC, total restrictions placed on the distribution of the Group’s PRC subsidiaries’ net assets were $37,383,696, or 14% of the Group’s total consolidated net assets as of 31 December 2021.

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 25. Reserves

	2021 $	2020 $
Foreign currency reserve	(1,392,699)	(1,904,839)
Share-based payments reserve	23,272,827	22,144,502
	21,880,128	20,239,663

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to United States dollars.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services. Please refer to note 39.

Note 26. Accumulated losses

	2021 $	2020 $
Accumulated losses at the beginning of the financial year	(93,314,128)	(88,148,236)
Loss after income tax expense for the year	(225,851,738)	(5,165,892)
Accumulated losses at the end of the financial year	(319,165,866)	(93,314,128)

Note 27. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 28. Financial risk management

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

The Group holds the following financial instruments:

	2021 $	2020 $
Financial assets		
Financial assets at amortised cost		
- Cash and cash equivalents	261,069,414	4,549,034
- Restricted cash	595,548	-
- Trade receivables	2,047,560	463,333
- Receivable from disposal of land use rights and properties	-	7,724,138
- Amounts due from related parties	6,067,607	1,101,144
- Prepayments and other assets	10,141,307	3,205,404
	279,921,436	17,043,053

	2021 $	2020 $
Financial liabilities		
Liabilities at amortised cost		
- Trade and other payables	4,378,823	3,722,686
- Contract liabilities	1,943,623	1,690,837
- Amounts due to related parties	15,756,028	3,248,777
- Accrued expenses and other current liabilities	4,183,263	5,743,323
Lease liabilities	1,329,327	487,157
	27,591,064	14,892,780

Market risk

Foreign currency risk
The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign currency denominated financial assets and liabilities, translated into USD at the closing rate, are as follows:

Note 28. Financial risk management (continued)

	RMB $	AU $	NZ $	EUR $	Total $
31 December 2021					
Cash and cash equivalents	1,237,774	54,762	-	7,384	1,299,920
Restricted cash	465,524	130,025	-	-	595,549
Other financial assets	6,202,997	-	-	-	6,202,997
Amount due from related parties - non current	-	-	4,834,973	-	4,834,973
Trade and other payables	(3,465,885)	-	-	-	(3,465,885)
Other financial liabilities	(481,646)	-	-	-	(481,646)
	3,958,764	184,787	4,834,973	7,384	8,985,908
31 December 2020					
Cash and cash equivalents	4,107,458	-	-	26,504	4,133,962
Trade receivables	15,261	-	-	-	15,261
Other financial assets	3,165,969	-	-	-	3,165,969
Trade and other payables	(3,706,186)	-	-	-	(3,706,186)
	(1,742,222)	-	-	-	(1,742,222)
	1,840,280	-	-	26,504	1,866,784

The Group had net assets denominated in foreign currencies of $8,985,908 as at 31 December 2021 (2020: $1,866,784). Based on this exposure, had the United States dollars weakened by 10%/strengthened by 10% (2020: weakened by 10%/strengthened by 10%) against these foreign currencies with all other variables held constant, the Group's profit before tax for the year would have been $898,591 lower/$898,591 higher (2020: $186,678 lower/$186,678 higher).

The average exchange rates and reporting date exchange rates applied were as follows:

	Average exchange rates		Reporting date exchange rates	
	2021	2020 Unaudited	2021	2020
United States dollars				
RMB exchange rate	6.4508	6.9042	6.3726	6.5250

Price risk
The Group's financial assets and liabilities have no significant exposure to price risk.

Interest rate risk
The Group is not exposed to any significant interest risk as the Group has no outstanding bank loans.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Note 28. Financial risk management (continued)

Allowance for expected credit losses
The Group has recognised a loss of $469,702 (2020: $319,816) in profit or loss in respect of the expected credit losses on financial assets for the year ended 31 December 2021.

Fair value of financial instruments
The Group has no financial instruments measured at their fair value.

Liquidity risk
For the year ended 31 December 2021 and 2020, the Group incurred net losses after tax of $225,851,738 (which includes the cost of listing of $209,429,931) and $5,196,931 (unaudited), respectively and had net cash used in operating activities of $21,475,586 and $7,874,754 (unaudited), respectively. The Group's operating results for future periods are subject to uncertainties and it is uncertain if the Group will be able to reduce or eliminate its net losses for the foreseeable future. If management is not able to increase revenue and/or manage operating expenses in line with revenue forecasts, the Group may not be able to achieve profitability.

As of 31 December 2021, the Group had approximately $261,069,414 in cash and cash equivalents and $2,047,560 of accounts receivable as compared to approximately $4,549,034 in cash and cash equivalents and $463,333 in accounts receivable as of 31 December 2020. The growth in cash and cash equivalents as of 31 December 2021 compared to 31 December 2020 is primarily due to the cash proceeds from the reverse acquisition related to the Combination. As of 31 March 2022, all outstanding borrowings due to third parties and related parties were repaid in full. The Group has no material liquidity risk as of 31 December 2021 and expects to meet its obligations for the next 12 months from the issuance date of the financial report.

Note 29. Fair value measurement

Fair value hierarchy
The Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

As at 31 December 2021 and 2020, the Group has no significant assets and liabilities carried or disclosed at fair value.

The carrying amounts of cash and cash equivalents, restricted cash, trade receivables, prepayment and other current assets, trade payables, accrued expenses and other current liabilities and current amount due from and due to related party are assumed to approximate their fair value because of the short-term nature of these items. The estimated fair values of other non-current assets, non-current other payables, and non-current amount due from related party were not materially different from their carrying value as presented due to the brief maturities and because the interest rates on these borrowings approximate those that would have been available for loans of similar remaining maturities and risk profiles.

Note 30. Key management personnel disclosures

Directors
The following persons were directors of Cenntro Electric Group Limited during the year ended 31 December 2021:

Name	**Position**
Pete Z. Wang (appointed on 31 December 2021) (1)	Managing Director and Chairman of the Board
Chris Thorne (appointed on 31 December 2021) (1)	Director
Joe Tong (appointed on 31 December 2021) (1)	Director
Simon Tripp (appointed on 19 January 2021) (2)	Director
Justin Davis-Rice (appointed on 11 May 2017) (3)	Director
Kelvin Fitzalan (resigned on 31 December 2021) (4)	Director
Paul Hayes (resigned on 19 January 2021)	Director

Note 30. Key management personnel disclosures (continued)

(1) Appointed pursuant to a vote by the shareholders on 21 December 2021 at the Group's Extraordinary General Meeting in connection with the Combination, subject to the closing of the Combination on 31 December 2021.
(2) Originally appointed on 19 January 2021 and reappointed at the Group's Extraordinary General Meeting by vote of the shareholders, effective on 31 December 2021 at the closing of the Combination.
(3) Originally appointed on 11 May 2017 and reappointed at the Group's Extraordinary General Meeting by vote of the shareholders, effective on 31 December 2021 at the closing of the Combination.
(4) Resigned in connection with the closing of the Combination.

Other key management personnel
The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, for the year ended 31 December 2021:

Name	**Position**
Peter Z. Wang	Chief Executive Officer
Edmond Cheng	Chief Financial Officer
Marianne McInerney	Chief Marketing Officer
Wei Zhong	Chief Technology Officer
Tony W. Tsai	Vice President, Corporate Affairs and Company Secretary
Justin Davis-Rice	Former Chief Executive Officer*
Mark Ziirsen	Former Chief Financial Officer and Company Secretary*

*Resigned as of 31 December 2021 in connection with the closing of the Combination, except that Mr. Ziirsen continues to act as Company Secretary with Mr. Tsai.

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	2021 $	2020 Unaudited $
Short-term employee benefits [1]	1,621,575	420,000

(1) The compensation disclosed in 2021 includes Peter Z. Wang, Edmond Cheng, Marianne McInerney, Wei Zhong, Tony W. Tsai (2020: includes Peter Z. Wang, Tony W. Tsai and David Ming He, the former acting Chief Financial Officer of Cenntro, who resigned in November 2020).

The aggregate compensation made to directors and other members of key management personnel of the NBG which was paid prior to the Combination is set out below:

	2021 $	2020 Unaudited $
Short-term employee benefits	33,619,561	1,883,052
Post-employment benefits	658,525	26,638
Termination benefits	3,000,000	-
Shared-based payments	41,209,352	140,000
	78,487,438	2,049,690

Note 31. Remuneration of auditors

During the years ended 31 December 2021 and 2020, the following fees were paid or payable for services provided by Wis Australia, the Group's auditors solely for purposes of statutory compliance with the Corporations Act, and MBP, the Group's auditor for all purposes other than statutory compliance with the Corporations Act, and their network firms, in each case:

	2021 $	2020 Unaudited $
Audit services - Wis Australia (2020: BDO Australia)		
Audit or review of the financial statements	78,000	593,000
Other services - Wis Australia (2020: BDO Australia)		
Other services	12,000	150,000
	90,000	743,000
Audit services - MBP		
Audit or review of the financial statements	309,000	-
Other services - MBP		
Other services	82,400	-
	391,400	-

Note 32. Contingent liabilities

Litigation

The Group may be involved in various legal proceedings, claims and other disputes arising from the commercial operations, projects, employees and other matters which, in general, are subject to uncertainties and in which the outcomes are not predictable. The Group determines whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. Although the outcomes of these legal proceedings cannot be predicted, the Group does not believe these actions, in the aggregate, will have a material adverse impact on its financial position, results of operations or liquidity.

In October 2021, Sevic Systems SE ("Sevic"), a former channel partner, commenced a lawsuit against Shengzhou Machinery, one of Cenntro's wholly owned subsidiaries, relating to a breach of contract for the sale of goods (the "Sevic Lawsuit"). Sevic filed its complaint with the People's Court of Keqiao District, Shaoxing City, Light Textile City (the "People's Court"). In the Sevic Lawsuit, Sevic alleges that the Shengzhou Machinery provided it with certain unmarketable goods and requests that the People's Court (i) terminate two signed purchase orders under its contract with Shengzhou Machinery and (ii) award Sevic money damages for the cost of goods of $465,400, as well as interest and incidental losses, including freight and storage costs, for total damages of approximately $628,109. Sevic applied to the People's Court to freeze certain assets of Shengzhou Machinery, which request was granted, resulting in the Group having restricted cash of $595,548 on its balance sheet as of 31 December 2021. The Group does not believe that Sevic's claims have any merit and intends to vigorously defend against such claims.

Note 33. Commitments

Lease of Dusseldorf Facility
On 4 December 2021, Cenntro entered into an entrustment agreement (the "Entrustment Agreement") with Cedar Europe GmbH, a company organised under the laws of Germany ("Cedar") pursuant to which Cenntro entrusted Cedar to, in Cedar's name, obtain a lease agreement for facilities in Germany and operate such lease facility under Cedar's name in exchange for Cenntro's responsibility for all expenditures and costs of the lease. On 24 December 2021, Cedar entered into a lease agreement for an approximately 27,220 square feet facility in Dusseldorf, Germany, where the Group now houses its European Operations Facility. The lease period began on 1 January 2022 and ends on 31 December 2024. The annual rent is approximately $210,991.

Note 34. Related party transactions

Parent entity
Cenntro Electric Group Limited is the legal parent entity. Due to the reverse acquisition disclosed in Note 1, CAG HK is deemed to be the Accounting Parent of the Group.

Subsidiaries and other common controlled entities
Interests in subsidiaries and all other common controlled entities are set out in note 36.

Associates
Interests in associates are set out in note 37.

Key management personnel
Disclosures relating to key management personnel are set out in note 30.

Other related parties

Name of related parties	**Relationship with the Group**
Mr. Yeung Heung Yeung	A principal shareholder of CEGL, director of CAG Cayman and former director of CEG
Ms. Yan Yinjing	Immediate family of Mr. David Ming He, the former acting Chief Financial Officer of Cenntro until his resignation in November, 2020
Ms. Xu Cheng	Immediate family of Mr. Chris Xiongjian Chen, former Chief Operating Officer of CAG Cayman
CAG Cayman	Mr. Peter Wang is a principal shareholder
Devirra Corporation Limited and its subsidiaries (Collectively referred to the “Devirra Group”)	Entities controlled by CAG Cayman
Cenntro Holding Limited	Ultimately controlled by Mr. Peter Wang
Zhejiang Zhongchai Machinery Co., Ltd (“Zhejiang Zhongchai”)	Ultimately controlled by Mr. Peter Wang
Zhuhai Hengzhong Industrial Investment Fund (Limited Partner) (“Zhuhai Hengzhong”)	Mr. Peter Wang served as General Partner
Shenzhen Yuanzheng Investment Development Co. Ltd (“Shenzhen Yuanzheng“)	Controlled by Mr. Yeung Heung Yeung
Bendon Limited	Controlled by Mr. Justin Davis-Rice, a director of CEGL
Shanghai Hengyu Enterprise Management Consulting Co., Ltd (“Shanghai Hengyu”)	Ultimately controlled by Mr. Peter Wang

Note 34. Related party transactions (continued)

The following transactions occurred with related parties:

	2021 $	2020 Unaudited $
Interest income		
Interest income from Zhejiang RAP	23,114	69,523
Purchase of raw materials		
Jiangsu Rongyuan	24,799	-
Hangzhou Hezhe	1,219,621	-
Interest expense		
Interest paid to Mr. Yeung Heung	132,000	96,559
Interest paid to Mr. Zhong Wei	6,039	109,726
Interest paid to others	40,005	72,483
Consulting service		
Shanghai Hengyu	29,919	107,905
Amount borrowed from		
Yan Yinjing (1)	-	143,153

(1) Yan Yinjing is the immediate family of Mr. David Ming He, former acting Chief Financial Officer of Cenntro until November 2020. Therefore, the amount borrowed from Ms. Yan Yinjing has been disclosed as a related party transaction in above table.

Amount due from related parties - current
The following table presents amounts due from related parties as of 31 December 2021 and 2020.

	2021 $	2020 $
Hangzhou Hezhe (1)	817,640	-
Zhejiang Zhongchai (2)	412,797	464,066
Shanghai Hengyu	2,197	-
Jiangsu Rongyuan (3)	166,911	241,046
Devirra Group (4)	-	637,078
	1,399,545	1,342,190
Less provision for receivable from a related party (3)	(166,911)	(241,046)
	1,232,634	1,101,144

(1) The balances mainly represented the prepayment of raw material to the related party.
(2) The balance mainly represented the accounts receivable relating to the sale of industrial equipment of $340,770 and advances to Zhejiang Zhongchai for daily operational purposes of $72,027 as of 31 December 2021.
(3) The balances mainly represent advances to related parties for daily operational purposes. The business conditions of Jiangsu Rongyuan deteriorated and, as a result, the Group recognised provision for receivables of nil and $227,807 for the years ended 31 December 2021 and 2020, respectively. For the year ended 31 December 2020, the Group wrote off the balance of provision that it recognized in 2019. The Group reversed the provision of $78,931 for the year ended 31 December 2021 due to the repayment from the related party.
(4) The balance represented the advances to related parties for daily operational purposes, which is due on demand. For the year ended 31 December 2021, $210,297 was collected and the remaining $426,781 was forgiven.

Note 34. Related party transactions (continued)

Amounts due from related parties – non-current

	2021 $	2020 $
Bendon Limited [(1)]	4,834,973	-

(1) The balance represents a 5-year loan in the aggregate principal amount of $4,787,300 (New Zealand Dollar 7,000,000) to the related party, bearing interest of 2.5% annually and maturing in August 2026.

Amounts due to related parties

The following table presents amounts due to related parties as of 31 December 2021 and 2020.

	2021 $	2020 $
Amount due to related parties		
CAG Cayman [(1)]	13,945,823	226,549
Mr. Yeung Heung Yeung [(2)]	1,328,559	1,196,559
Shenzhen Yuanzheng [(2)]	416,509	370,906
Zhejiang RAP [(3)]	40,034	215,054
Jiangsu Rongyuan [(4)]	25,103	-
Mr. Zhong Wei [(2)]	-	923,751
Cenntro Holding Limited [(5)]	-	1,951
Mr. Peter Wang [(2)]	-	81,496
Zhuhai Hengzhong [(5)]	-	210,774
Ms. Xu Cheng [(2)]	-	21,737
	15,756,028	3,248,777

(1) CAG Cayman was the parent company of Cenntro before the closing of the Combination. The balance represented (i) operating funds from CAG Cayman with no interest of $15,823 and (ii) the reduction of capital from Cenntro of $13,930,000 by CAG Cayman prior to the closing of the Combination. The payment by Cenntro of $13,930,000 was made to CAG Cayman in February 2022.
(2) The balance represented the interest-bearing loan provided by related parties to the Group. The weighted average annual interest rates for the loans were 12% and 17.31% as of 31 December 2021 and 2020, respectively. The balance is due on demand.
(3) As of 31 December 2021, the balances represented the net balance of equity investment payable of $373,631 and interest-bearing loan and interest receivable from Zhejiang RAP of $333,597, which is due on demand.
(4) The balance represented the payable for purchase of raw material from this related party.
(5) The balance represented the advance funds from related parties for daily operational purposes. The funds are interest-free, and repayable upon demand.

Terms and conditions
The Group believes that all of the transactions described under this Note were made on normal commercial terms and conditions and at market rates.

Note 35. Parent entity information

Due to the reverse acquisition (refer to note 1), the Accounting Parent is CAG HK which is deemed as the accounting acquirer. Set out below is the supplementary information about the Accounting Parent.

Statement of profit or loss and other comprehensive income

	Parent	
	2021 $	2020 Unaudited $
Loss after income tax	(210,011,146)	(305,776)
Total comprehensive income	(210,011,146)	(305,776)

Statement of financial position

	Parent	
	2021 $	2020 $
Total current assets	3,679,593	4,411,267
Total assets	357,642,387	51,269,317
Total current liabilities	40,492,567	6,413,026
Total liabilities	40,492,567	6,413,026
Equity		
Contributed equity	528,094,675	45,790,000
Accumulated losses	(210,944,855)	(933,709)
Total equity	317,149,820	44,856,291

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2021 and 31 December 2020.

Contingent liabilities
The parent entity had no contingent liabilities as at 31 December 2021 and 31 December 2020.

The parent entity had no capital commitments for property, plant and equipment as at 31 December 2021 and 2020.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 36. Subsidiaries and common controlled entities

The Group's financial statements incorporate the assets, liabilities and results of the following subsidiaries and all other common controlled entities in accordance with the accounting policy described in note 1:

Subsidiaries	Principal place of business / Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
Cenntro Electric Group Limited ("CEGL") *	Australia	100.00%	-
Naked Brand Group, Inc.("NBGI")	Nevada, U.S.	100.00%	-
Naked Inc.	Nevada, U.S.	100.00%	-
Simachinery Equipment Limited ("Simachinery HK")	Hong Kong	100.00%	100.00%
Zhejiang Cenntro Machinery Co., Limited	PRC	100.00%	100.00%
Zhejiang Tooniu Tech Co., Limited	PRC	100.00%	100.00%
Hangzhou Ronda Tech Co., Limited	PRC	100.00%	100.00%
Hangzhou Cenntro Autotech Co., Limited ("Cenntro Hangzhou")	PRC	100.00%	100.00%
Zhejiang Sinomachinery Co., Limited ("Sinomachinery Zhejiang")	PRC	100.00%	100.00%
Shengzhou Cenntro Machinery Co., Limited ("Cenntro Machinery")	PRC	100.00%	100.00%
Hangzhou Hengzhong Tech Co., Limited	PRC	100.00%	100.00%
Zhejiang Xbean Tech Co., Limited	PRC	100.00%	100.00%
Hangzhou Yiwei Tech Co., Limited	PRC	-	85.00%

* Due to the reverse acquisition as disclosed in Note 1, CAG HK (a legal subsidiary) is determined to be the Accounting Parent, and accordingly CEGL is determined to be an accounting subsidiary as listed above.

Common controlled entities other than subsidiaries	Principal place of business / Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
Cenntro Automotive Corporation ("CAC")	Delaware, U.S.	100.00%	100.00%
Cenntro Electric Group, Inc. ("CEG")	Delaware, U.S.	100.00%	100.00%

Note 37. Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the Group are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
Hangzhou Hezhe Energy Technology Co., Ltd.	PRC	20.00%	-
Zhejiang RAP Smartcar Corporation	PRC	27.40%	27.40%
Jiangsu Rongyuan Auto Co., Ltd.	PRC	15.00%	15.00%

Note 38. Cash flow information

Non-cash investing and financing activities

	2021 $	2020 Unaudited $
Right of use asset financed by lease liabilities	1,206,244	-
Exemption of debt due from shareholders	426,781	-
Direct cost related to reverse recapitalization payable	904,843	-
Reduction of capital investment recorded as due to CAG Cayman	13,930,000	-
	16,467,868	-

Note 39. Share-based payments

Share based payment expenses for periods prior to the consummation of the Combination relate to the share options granted by CAG Cayman to the employees and directors of Cenntro. For the years ended 31 December 2021 and 2020, total share-based compensation expenses allocated from CAG Cayman were $1,128,325 and $3,364,217, respectively.

Share options granted by CAG Cayman to employees of Cenntro
On 10 February 2016, CAG Cayman adopted the 2016 Share Incentive Option Plan (the “2016 Plan”), which allowed CAG Cayman to grant options to the employees and directors of Cenntro to purchase up to 14,139,360 ordinary shares of CAG Cayman subject to vesting requirements. On 17 April 2018, CAG Cayman expanded the share reserve under the 2016 Plan, increasing the number of ordinary shares available for issuance under the 2016 Plan by an additional 10,484,797 ordinary shares for a total 24,624,157 ordinary shares. Generally, the options granted under the 2016 Plan became exercisable during the term of the optionee’s service with CAG Cayman in five equal annual instalments of 20% each. The expiration dates of the options are between six and eight years from the respective grant dates as stated in the option grant letters.

On 7 March and 31 May 2016, CAG Cayman granted 12,169,840 options and 650,000 options to the employees and directors of Cenntro to purchase CAG Cayman’s ordinary shares at exercise prices ranging from $0.2000 to $1.2092 per share. The options have a contractual term ranging from six years to eight years.

On 1 August and 31 December 2017, CAG Cayman granted 6,300,000 options and 2,580,000 to the employees and directors of Cenntro to purchase CAG Cayman’s ordinary shares at exercise prices ranging from $1.6500 to $1.8792 per share.

Modification of share options
In connection with the Combination, CAG Cayman amended and restated the 2016 Plan, adopting the Amended 2016 Plan. In connection with the closing of the Combination, each employee stock option outstanding under the Amended 2016 Plan immediately prior to the closing of the Combination was converted into an option to purchase a number of ordinary shares equal to the aggregate number of shares for which such stock option was exercisable immediately prior to the closing of the Combination multiplied by the Exchange Ratio of 0.71563. As a result, the 12,891,130 options granted by CAG Cayman prior to the closing under the 2016 Plan were converted into 9,225,291 options of CEGL. The exercise price of such options modified to equal the exercise price per share of such stock option immediately prior to the closing divided by the Exchange Ratio.

The conversion of the incentive stock options of CAG Cayman under the Amended 2016 Plan into incentive stock options of CEGL was deemed a modification at closing of the Combination, which is the modification date. There were, no incremental fair value recorded immediately before and after the modification date.

Note 39. Share-based payments (continued)

Set out below are summaries of options granted under the plan:

	Number of options 2021	Weighted average exercise price 2021	Number of options 2020	Weighted average exercise price 2020
Outstanding at the beginning of the financial year	18,976,130	$0.98	21,616,130	$1.07
Forfeited	(593,000)	$1.42	(2,640,000)	$1.66
Expired	(5,492,000)	$1.19	-	$0.00
Change in number of options due to modification on 30 December 2021	(12,891,130)	$0.79	-	$0.00
Updated number of options due to modification on 30 December 2021	9,225,271	$1.10	-	$0.00
Outstanding at the end of the financial year	9,225,271	$1.10	18,976,130	$0.98
Exercisable at the end of the financial year	8,738,648	$1.00	10,163,143	$0.73

No option was exercised for the years ended 31 December 2021 and 2020.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grand date	Expiry date	Exercise price	Share options 31 December 2021	Share options 31 December 2020
07/03/2016	07/03/2024	$0.28	4,544,250	7,285,000
07/03/2016	07/03/2024	$0.68	715,629	1,350,000
07/03/2016	07/03/2024	$1.69	1,897,230	2,651,130
31/05/2016	31/05/2024	$1.69	465,157	650,000
31/12/2017	31/12/2025	$2.63	1,187,941	2,680,000
31/12/2019	31/12/2027	$3.09	415,064	580,000
01/08/2017	01/08/2025	$1.65	-	3,780,000
			9,225,271	18,976,130

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.60 years (2020: 3.57 years).

Fair value of options granted
The Group calculated the fair value of the share options on the grant date and modification date using the Black-Scholes option-pricing valuation model. The assumptions used in the valuation model are summarised in the following table.

	After modification	**Before modification**
Expected volatility	58.09%-91.85%	82.33%-93.48%
Expected dividends yield	0%	0%
Risk-free interest rate per annum	0.06%-1.36%	1.84%-2.40%
The fair value of underlying ordinary shares (per share)	$5.74	$1.21-2.92

The expected volatility is calculated based on the annualised standard deviation of the daily return embedded in historical share prices of comparable companies. The risk-free interest rate is estimated based on the yield to maturity of US treasury bonds based on the expected term of the incentive shares.

Note 39. Share-based payments (continued)

As of 31 December 2021, there was approximately $2,189,201 of total unrecognised compensation cost related to unvested share options. The unrecognised compensation costs are expected to be recognised over a weighted average period of approximately 2.05 years.

Note 40. Events after the reporting period

Lease of Jacksonville Facility

On 20 January 2022, the Group entered into an operating lease agreement (the "Jacksonville Lease") between CAC, as tenant, CEGL, as guarantor, and JAX Industrial One, LTD., a Florida limited liability company, as landlord, for a facility of approximately 100,000 square feet in Jacksonville, Florida. The lease period commenced on 20 January 2022 and ends 84 months following a five-month rent abatement period. Pursuant to the Jacksonville Lease, minimum annual rent is approximately $695,000, $722,800, and $751,710, for the first three years, sequentially, and rising thereafter.

Acquisition of TME

On 5 March 2022, the Group entered into a Share and Loan Purchase Agreement (the "Purchase Agreement") with Mosolf SE & Co. KG, a limited liability partnership incorporated under the laws of Germany ("Seller" or "Mosolf"), pursuant to which Mosolf agreed to sell to the Group (i) 65% of the issued and outstanding shares (the "TME Shares") in Tropos Motors Europe GmbH, a German limited liability company ("TME"), and (ii) 100% of the shareholder loan (the "Shareholder Loan") which Mosolf previously provided to TME (the "TME Transaction"). TME is currently one of Cenntro's private label channel partners and has been one of Cenntro's largest customers since 2019.

The TME Transaction closed on 25 March 2022. At the closing of the TME Transaction, the Group paid Mosolf €3,250,000 (or approximately USD$3.6 million) for the purchase of the TME Shares and €11,900,000 (or approximately USD$13.0 million) for the purchase of the Shareholder Loan, for total aggregate consideration of €15,150,000 (or approximately USD$16.6 million). An aggregate of €3,000,000 (or approximately USD$3.3 million) of the purchase price is held in escrow to satisfy amounts payable to any of the buyer indemnified parties in accordance with the terms of the Purchase Agreement.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that Cenntro Electric Group Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

Peter Z. Wang
Director

26 April 2022

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Independent Auditor's Report to the Members of Cenntro Electric Group Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cenntro Electric Group Ltd (the 'Company') for the group consisting of Cenntro Automobile Group Limited (CAG HK) and its controlled entities (including the Company as an accounting acquiree) and all other common controlled entities (altogether referred to as the 'Group'), which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The comparative figures in the statement of profit or loss and other comprehensive income and the statement of cash flow were unaudited.

Due to the accounting effect of the reverse acquisition (refer to Note 1 in the financial statements), the financial statements of the Company is for the Group consisted of CAG HK and its controlled entities (including the Company as an accounting acquiree) and all other common controlled entities, as if it is a continuation of the financial statements for Cenntro (as defined in the Note 1 in the financial statements).

Achieving together with wisdom

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

Wis Audit Pty Ltd

Zhiyuan Liang
Director

Sydney, 26 April 2022