恒大汽车
EVERGRANDE AUTO

China Evergrande New Energy Vehicle Group Limited

(Incorporated in Hong Kong with limited liability)
(Stock code : 00708)

ANNUAL REPORT 2023


恒驰5

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BOARD OF DIRECTORS AND COMMITTEES

Executive Directors

Mr. Siu Shawn *(Chairman)*
Mr. Liu Yongzhuo *(Vice Chairman)*
Mr. Qin Liyong

Independent Non-Executive Directors

Mr. Chau Shing Yim, David
Mr. Guo Jianwen
Mr. Xie Wu

Audit Committee

Mr. Chau Shing Yim, David *(Chairman)*
Mr. Guo Jianwen
Mr. Xie Wu

Remuneration Committee

Mr. Chau Shing Yim, David *(Chairman)*
Mr. Siu Shawn
Mr. Guo Jianwen

Nomination Committee

Mr. Siu Shawn *(Chairman)*
Mr. Chau Shing Yim, David
Mr. Guo Jianwen

Corporate Governance Committee

Mr. Chau Shing Yim, David *(Chairman)*
Mr. Siu Shawn
Mr. Guo Jianwen

Authorised Representatives

Mr. Siu Shawn
Mr. Fong Kar Chun, Jimmy

Head Office

28th Floor, Evergrande International Center
No. 78 Huangpu Avenue West
Guangzhou
Guangdong Province
The PRC
Postal code: 510620

Registered Office and Place of Business in Hong Kong

2202, 22/F, YF Life Centre,
38 Gloucester Road,
Wanchai, Hong Kong

Website

https://www.irasia.com/listco/hk/evergrandevehicle/

Company Secretary

Mr. Fong Kar Chun, Jimmy

Auditor

PricewaterhouseCoopers
(resigned with effect from 16 January 2023)
Certified Public Accountants and Registered PIE Auditor

Prism Hong Kong and Shanghai Limited
(appointed with effect from 16 January 2023)
Certified Public Accountants and Registered PIE Auditor

Shareholder Information

Listing Information

The shares of the Company are listed on
The Stock Exchange of Hong Kong Limited
("**Hong Kong Stock Exchange**")

Stock Code

Hong Kong Stock Exchange: 0708.HK

Share Registrar

Tricor Secretaries Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Investor Relation

For enquiries, please contact:
Mr. Fong Kar Chun, Jimmy
Investor Relation Department
Email: evergrandeIR@evergrande.com
Telephone: (852) 2287 9208/2287 9218/2287 9207

Financial Calendar

Announcement of annual results: 27 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The principal business activities of China Evergrande New Energy Vehicle Group Limited (the "**Company**") and its subsidiaries (the "**Group**") include the technology research and development ("**R&D**") and manufacturing of, and sales services in respect of new energy vehicles, namely under the model series name "**Hengchi**". The Group completed the disposal of its health management business in May 2023 in order to focus on its new energy vehicles business. By integrating premium resources, the Group builds a new energy vehicle industry chain covering advanced vehicle R&D, intelligent connection, production and manufacturing, sales, and services. As at 31 December 2023, the Group had applied for a total of 3,512 patents in related fields of study worldwide, 2,718 of which were granted.

During the Reporting Period, affected by external and internal factors, the Group's production and sales fell short of expectations. The Company faced operating difficulties, and various of its operating activities such as R&D, production and sales, and the stable workforce were greatly affected.

Financial Review

I. Liabilities

The total liabilities as at 31 December 2023 were RMB72,543.32 million. Among which:

1. Borrowings

As at 31 December 2023, the Group's borrowings amounted to RMB26,484.08 million, representing an increase of RMB498.91 million compared to RMB25,985.17 million as at 31 December 2022.

Part of the borrowings were secured by the property and equipment, and land use rights of the Group and equity interests of several subsidiaries within the Group. As at 31 December 2023, the average annual interest rate of the borrowings was 7.08% (31 December 2022: 7.65%).

2. Trade and Other Payables

As at 31 December 2023, the Group's trade and other payables amounted to RMB43,011.74 million, representing an increase of RMB12,215.56 million compared to RMB30,796.18 million in 31 December 2022.

3. Other Liabilities

As at 31 December 2023, the Group's other liabilities amounted to RMB3,047.50 million.

II. Loss during the Reporting Period

(I) Losses from Continuing Operations during the Reporting Period

1. Revenue

During the Reporting Period, the Group had a turnover of RMB1,340.15 million, representing an increase of 900.04% as compared to the turnover of RMB134.01 million in the year ended 31 December 2022. Such increase in revenue was mainly attributable to an increase in the sales of vehicles and vehicles components from RMB60.63 million in 2022 to RMB146.32 million during the Reporting Period. Revenue from the sales of property increased by RMB1,136.37 million.

2. Gross loss

During the Reporting Period, the Group's gross loss was RMB51.21 million, representing a decrease of 45.44% as compared to a gross loss of RMB93.86 million for the year ended 31 December 2022.

3. *Other income, net*

   Other income during the Reporting Period was RMB4.79 million.

4. *Other losses, net*

   Other losses, net during the Reporting Period were RMB446.03 million due to liquidated damages and other losses.

5. *Selling and marketing expenses*

   Selling and marketing expenses of the Group increased by 29.97% from RMB196.13 million in the year ended 31 December 2022 to RMB254.91 million during the Reporting Period mainly due to an increase in sales promotion and branding expenses for the Hengchi 5.

6. *Administrative expenses*

   Administrative expenses of the Group decreased by 10.18% from RMB2,616.66 million in the year ended 31 December 2022 to RMB2,350.22 million during the Reporting Period mainly due to the reduction of employees, pay cuts made to some of the existing employees and a decrease in R&D expenses.

7. *Net impairment losses on financial assets*

   The net impairment losses on financial assets during the Reporting Period were RMB929.70 million mainly due to the Group's corresponding provisions for other receivables and prepayments of third parties.

8. *Net impairment losses on inventories and properties under development*

   The net impairment losses on inventories and properties under development of the Group during the Reporting Period were RMB123.78 million mainly due to the provision for impairment on vehicle inventories based on the principle of prudence.

9. *Net impairment losses on property, plant and equipment, intangible assets and right-of-use assets*

   The Group's net impairment losses on property, plant and equipment, intangible assets and right-of-use assets were RMB4,811.10 million during the Reporting Period mainly due to the provision for impairment on intangible assets and construction in progress.

10. *Finance costs, net*

    The finance cost, net of the Group during the Reporting Period was RMB1,916.67 million.

11. *Fair value losses on financial assets at fair value through profit or loss*

    The fair value losses on financial assets at fair value through profit or loss of the Group during the Reporting Period were RMB73.08 million.

    During the Reporting Period, for the reasons stated above, the Group recorded a loss of RMB10,934.18 million from continuing operations, representing a decrease of 26.38% as compared to the losses made in the year ended 31 December 2022.

(II) Discontinued Operation

During the Reporting Period, the Group recorded a loss of RMB1,060.93 million from the discontinued operation of a business, the disposal of which was completed on 12 May 2023.

In summary, the Group recorded a loss of RMB11,995.11 million during the Reporting Period.

Business Review

In 2023, China's new energy vehicle market continued to grow. According to the data published by the China Association of Automobile Manufacturers, in 2023, the global production and sales volume of new energy vehicles were 9.587 million vehicles and 9.495 million vehicles respectively, representing both an increase of 35.8% and 37.9% respectively, and the market share reached 31.6%. In terms of policies in support of the industry, in 2023, the government departments issued the Circular on the Organization of Pilot Zones for the Full Electrification of Public Sector Vehicles《關於組織開展公共領域車輛全面電動化先行區試點工作的通知》, Implementation Opinions on Accelerating the Construction of Charging Infrastructure to Better Support New Energy Vehicles in the Countryside and Rural Revitalization《關於加快推進充電基礎設施建設更好支持新能源汽車下鄉和鄉村振興的實施意見》, Guiding Opinions on Further Building a High-Quality Charging Infrastructure System《關於進一步構建高質量充電基礎設施體系的指導意見》, Circular on the Launching of New Energy Vehicles to the Countryside in 2023《關於開展2023年新能源汽車下鄉活動的通知》, and the Announcement on the Continuation and Optimization of the Policy on Reduction and Exemption of Vehicle Acquisition Tax for New Energy Vehicles《關於延續和優化新能源汽車車輛購置税減免政策的公告》, to support the development of the new energy vehicles industry. Considering the market potential and the support received from both the industry and government policies, the Group will strive to seize such industry opportunities, improve product layout and promote the growth of its new energy vehicle business.

R&D aspects:

As at 31 December 2023, the Group had 270 scientific research personnel. During the Reporting Period, the Group continued to improve the product quality, functions, performance and reliability of Hengchi 5 continuously. Four OTA upgrades were completed during the Reporting Period, improving the functions of the vehicle in multiple dimensions, further enhancing product experience in two key dimensions: intelligent vehicle control and intelligent driving. In the meantime, the Group re-planned on the spectrum of its product models and conducted pre-research on the second-generation platform. The functions and performance of Hengchi 6 and Hengchi 7 products were continuously optimized. However, restrained by funding, the progress of the development and verification of these models were affected.

Manufacturing aspects:

As of 31 December 2023, the Group's Tianjin manufacturing base produced Hengchi 5 according to market demand, and a total of 1,700 units had rolled off the production line. During the Reporting Period, the Group continued to improve the management standard of the Tianjin manufacturing base to continuously enhance product quality and work efficiency. Both the Shanghai manufacturing base and the Guangzhou manufacturing base carried out equipment maintenance and management in accordance with the downtime management system and policy.

Sales of new energy vehicles:

As of 31 December 2023, 1,389 vehicles were delivered in aggregate. During the Reporting Period, the Group continued the direct operation model and authorized agent model to build up the sales channel network of Hengchi, while further focusing on key regions based on the Company's situation. There were 18 sales shops set up in 14 key cities including Guangzhou, Tianjin, Beijing, Wuhan and Chongqing. The Group also continued to cooperate with existing agents and automobile maintenance chain brands, Huasheng and Bosch, to provide comprehensive repair, maintenance and services to customers.

In terms of power batteries, according to capital position of the Group, during the Reporting Period, the Group focused its resources on the vehicle development and the R&D and base construction of power batteries ceased.

During the Reporting Period, the Group actively took measures to further reduce its operating costs.

Evergrande New Energy Vehicle (Tianjin) Co., Ltd.* officially commenced mass production in September 2022. As of 31 December 2023, a total of 1,700 Hengchi 5 were produced, which fell short of the relevant requirements.

Outlook

Recently, due to financial reasons, the Group has arranged vacation for certain staff and suspended the production of Tianjin base.

The Group will make every effort to introduce strategic investors to raise funds to maintain the Group's survival and future development plans.

With strategic investors introduced and funds in place, the Group will continue to push forward the development, verification and mass production of the annual and revised models of Hengchi 5, the Hengchi 6 and Hengchi 7 models. The Group will also continue to promote the R&D of new platforms and models based on market demand to provide users with more forward-looking smart electric vehicle products that integrate technological aesthetics. In terms of production and manufacturing, the Group will strive to promote the improvement of the manufacturing standard of the Tianjin manufacturing base and ensure high quality production and delivery. In terms of sales, the Group will further expand its sales channels, open up overseas markets, improve after-sales services and constantly improve its sales capabilities and user checkup services.

Other Analysis

Capital Institutions, Liquidity and Financial Resources

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

As at 31 December 2023, the Group had borrowings and lease liabilities (collectively "**total borrowings**") amounting to approximately RMB26,815.25 million (Continuing Operations as at 31 December 2022: RMB26,608.25 million).

As at 31 December 2023, the Group's gearing ratio was 76.94% (Continuing Operations as at 31 December 2022: 87.54%). Gearing ratio was calculated as total borrowings divided by total assets.

Capital commitments, Significant Investments, Pledge of Assets

As at 31 December 2023, the Group had capital commitments of approximately RMB13,751 million for the construction of the Group's bases in Tianjin, Shanghai, Guangzhou and other regions across the country, and for the Group's acquisition of fixed assets.

During the Reporting Period, the Group had no significant investments.

As at 31 December 2023, the Group's borrowings of RMB7,255 million were secured by pledge of the Group's property, plant and equipment, right-of-use assets and equity interests of certain subsidiaries, totaling at RMB12,605 million.

* *For identification purpose only*

Material Litigation

As at 31 December 2023, the Group had a total of 68 pending litigation cases which involved more than RMB30 million each, and the total amount involved was approximately RMB13,608 million.

Failure to Repay Debts Due

As at 31 December 2023, the Group's unpaid debts due amounted to approximately RMB9,447 million. In addition, as at 31 December 2023, the Group's overdue commercial bills amounted to approximately RMB3,401 million.

Employee and Share Option Scheme

As at 31 December 2023, the Group had a total of 1,342 employees, and management and professional technical personnel with a bachelors' degree or above accounted for approximately 92%. It incurred a total staff cost (including Directors' remuneration) of approximately RMB706.95 million during the Reporting Period (2022: RMB1,689.75 million).

To provide incentives or rewards to the staff and the Directors of the Company, the Company adopted a share option scheme (the "**Share Option Scheme**") on 6 June 2018. Since its adoption and up to 31 December 2023 and save as disclosed in the announcements of the Company published on 6 November 2020, 15 June 2021 and 21 September 2021 regarding the respective grants of share options, the Company has not granted any other new share option under such Share Option Scheme or adopted any other share option scheme.

As at 31 December 2023, a total of 752,200,000 share options were granted under the Share Option Scheme, amongst which: (i) a total of 221,515,000 share options granted under the Share Option Scheme had not been exercised; (ii) a total of 530,685,000 share options granted under the Share Option Scheme had lapsed; and (iii) no share option granted under the Share Option Scheme had been cancelled.

Contingent Liabilities

As at 31 December 2023, the Group had no significant contingent liabilities (31 December 2022: Nil).

Dividend

The Directors do not recommend the payment of dividend for the Year (year ended 31 December 2022: Nil).

Subsequent Event

Up to the date of this annual report, no significant events occurred after the reporting period.

Forward Looking Statements

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

Principal Activities

The principal activity of the Company is investment holding. The activities of the Company's principal subsidiaries are set out in Note 42 to the consolidated financial statements. An analysis of the Group's performance for the Year by operating segment is set out in Note 5 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the Year are set out in the consolidated statement of comprehensive income on page 45 to 46 of this annual report.

The Directors do not recommend the payment of a dividend for the Year.

Purchase, Sale or Redemption of Listed Shares

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

Distributable Reserves

There is no distributable reserves of the Company as at 31 December 2023, calculated under Part 6 of the Hong Kong Companies Ordinance (Cap. 622 of the Laws of Hong Kong) (the "**Companies Ordinance**") (distributable reserves for the year ended 31 December 2022: nil).

Equity Linked Agreement

Share Options Granted to Directors and Selected Employees

Pursuant to the ordinary resolutions passed by the shareholders of the Company (the "**Shareholders**") on 6 June 2018, the Company adopted a share option scheme. The purpose of the Share Option Scheme is to enable the Group to grant options to selected eligible participants as incentives or rewards for their contribution to the Group. Under the Share Option Scheme, the directors of the Company may, at their discretion, grant options to any full-time or part time employee, any director including non-executive director and independent non-executive director of the Company and any of its subsidiaries and any adviser, professional or consultant, supplier, customer and agent whom the Board, at their absolute discretion, considered had or will have contribution for the Company and any of its subsidiaries, to subscribe for shares in the Company representing up to a maximum of 10% of the number of shares in issue as at the date of 6 June 2018. The Board may grant options to its specially designated eligible participant to subscribe for shares exceeding the 10% limit but subject to shareholders' approval. The number of shares in respect of which options (including both exercised and outstanding) may be granted to each eligible participant in aggregate within any 12-month period from the date of such grant is not permitted to exceed 1% of the Company's total issued share capital as at the date of such grant, without prior approval from the Shareholders. Options granted to any eligible participant shall be subject to such conditions (including, without limitation, any minimum period for which an option must be held before it can be exercised and/or any performance targets which must be achieved before an option can be exercised) as the Board may think fit.

Options granted to substantial Shareholders or independent non-executive Directors in any one year exceeding the higher of 0.1% of the Company's total number of shares in issue and, based on the closing price of the shares on the date of each grant, with a value in excess of HK$5,000,000 must be approved by the Shareholders. Options granted must be taken up within the specified date of acceptance, upon payment of HK$1 per each grant of options. Options may be exercised at any time from the date on which such option is granted and accepted and before the expiry of 10 years from such date. The exercise period of options shall be determined by the Board at its absolute discretion but shall not be exercised after the expiry of 10 years from the date of each grant. The exercise price is determined by the Company at its absolute discretion and will be not less than the highest price of the official closing price of the Company's shares as stated in the daily quotations sheets issued by the Hong Kong Stock Exchange on the date of offer, the average official closing prices of the Company's shares as stated in the daily quotations sheets issued by the Hong Kong Stock Exchange for the five business days immediately preceding the date of grant and the nominal value of the Company's shares.

According to the terms of the Share Option Scheme, the Share Option Scheme shall be valid and effect for a period of 10 years commencing on 6 June 2018, and has a remaining term of approximately 4 years as at the date of this annual report.

As at 31 December 2023, 221,515,000 share options were outstanding (number of share options as at 31 December 2022: 388,600,000). During the reporting period, (i) no share option was granted; (ii)167,085,000 share options were lapsed; and (iii) no share option was exercised.

Proposed Issue of New Shares under Specific Mandate to NWTN INC.

On 14 August 2023 (after trading hours), the Company, NWTN Inc., China Evergrande Group ("**CEG**") and Mr. Hui Ka Yan ("**Mr. Hui**") entered into the share subscription agreement (the "**Share Subscription Agreement**"), pursuant to which the Company conditionally agreed to allot and issue, and NWTN Inc. conditionally agreed to subscribe for, 6,177,106,404 new Shares (the "**Subscription Shares**") (the "**Share Subscription**"), resulting in NWTN Inc. holding approximately 27.50% of the total number of issued Shares as enlarged by the issuance of Shares upon completion of the Loan Conversion (as defined below) and the Share Subscription (assuming that there is no other issue of new Shares and the grantees under the Share Option Scheme do not exercise any share options from the date of the Share Subscription Agreement to the date of completion of the Share Subscription Agreement (the "**Closing Date**")), for a total consideration of HK$3,889,723,903 (equivalent to approximately US$500 million), which represented the subscription price of HK$0.6297 per Subscription Share.

On 14 August 2023 (after trading hours), CEG and Mr. Hui delivered to NWTN Inc. a deed on voting control duly executed by CEG and Mr. Hui (the "**Deed on Voting Control**"), and NWTN Inc. delivered to CEG and Mr. Hui the Deed on Voting Control duly executed by NWTN Inc. The Deed on Voting Control is effective from the Closing Date. To support business recovery and growth of the Group, on 14 August 2023 (after trading hours), NWTN (Zhejiang) Automobile Co., Ltd.* (a subsidiary of NWTN Inc.) and Evergrande New Energy Vehicle (Tianjin) Co., Ltd.* (a subsidiary of the Company) entered into a transitional funding support agreement, pursuant to which NWTN (Zhejiang) Automobile Co., Ltd.* shall, subject to the satisfaction of conditions precedent in the agreement, provide an interest-free secured transitional funding in the amount of RMB600 million in three equal tranches to Evergrande New Energy Vehicle (Tianjin) Co., Ltd.* for the research and development, manufacturing of and sales services in respect of vehicles of the Group.

During the Reporting Period, the Group received interest-free and secured transitional fund of RMB200 million.

As disclosed in the announcement of the Company dated 1 January 2024, the long stop date of the Share Subscription Agreement is 31 December 2023. The parties to the Share Subscription Agreement did not agree on the extension of the long stop date. Therefore, the Share Subscription Agreement lapsed on 31 December 2023.

* *For identification purpose only*

For more details in relation to the Share Subscription, please refer to the announcements of the Company dated 14 August 2023 and 1 January 2024. Please also refer to the announcements of the Company dated 2 February 2024, 3 March 2024 and 5 April 2024 for the monthly update of the status of the Share Subscription subsequent to 1 January 2024.

Conversion of Loans Provided by CEG, Mr. Hui, Xin Xin (BVI) Limited ("Xin Xin"), Ms. Ding Yumei ("Ms. Ding") and Good Bond Limited ("Good Bond") to the Company (the "Loan Conversion")

On 14 August 2023 (after trading hours), the Company entered into the loan conversion subscription agreement with CEG, Mr. Hui, Xin Xin, Ms. Ding and Good Bond, pursuant to which each of them conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue to them (or any person designated by them), an aggregate of 5,441,305,702 new Shares at the subscription price of HK$3.84 per Share with an aggregate subscription amount of HK$20,894,613,901.15 (the "**Loan Conversion Subscription Agreement**"). Such subscription amount shall be satisfied by way of set-off against the relevant loans owed by the Company to CEG, Mr. Hui, Xin Xin, Ms. Ding and Good Bond with an aggregate amount of HK$20,894,613,901.15 pursuant to the set-off agreement (the "**Set-off Agreement**") entered into among the Company and CEG, Mr. Hui, Xin Xin, Ms. Ding and Good Bond on 14 August 2023. Pursuant to the Loan Conversion Subscription Agreement, (i) the outstanding principal amount of the loan of US$1,767,815,270 (equivalent to approximately HK$13.8 billion) provided by CEG to the Company plus the interest accrued on the outstanding principal amount of such loan up to and including 14 August 2023 in the sum of US$294,474,434 (equivalent to approximately HK$2.3 billion) shall be converted into 4,178,284,870 new Shares (representing approximately 25.66% of the total number of Shares after the completion of the Loan Conversion) at HK$3.84 per Share and be issued to CEG (or the immediate holding company of the Company as designated by CEG, i.e. Evergrande Health Industry Holdings Limited, a subsidiary of CEG) to be deposited into custody accounts in relation to the mandatory exchangeable bonds to be issued by CEG to its creditors exchangeable into Shares and China Evergrande Group NEV Linked New Notes A2 and China Evergrande Group NEV Linked New Notes C2 to be issued by CEG to its creditors; (ii) the outstanding principal amount of the loan provided by Mr. Hui and Xin Xin to the Company of HK$2,650,000,000 shall be converted into 690,104,166 new Shares (representing approximately 4.24% of the total number of Shares after the completion of the Loan Conversion) at HK$3.84 per Share and be issued to Mr. Hui and Xin Xin to be deposited into custody account and used as additional Exchange Property, and (iii) the outstanding principal amount of the loan provided by Ms. Ding and Good Bond to the Company of HK$2,200,000,000 shall be converted into 572,916,666 new Shares (representing approximately 3.52% of the total number of the issued Shares after completion of the Loan Conversion) at HK$3.84 per Share to be issued to Ms. Ding and Good Bond. The new Shares shall be issued upon completion of the Loan Conversion. Please refer to the announcement of the Company dated 14 August 2023 for further details.

As disclosed in the announcement of the Company dated 1 January 2024, the long stop date of the Loan Conversion Subscription Agreement is 31 December 2023. The parties to the Loan Conversion Subscription Agreement did not agree on the extension of the long stop date. Therefore, the Loan Conversion Subscription Agreement lapsed on 31 December 2023. Please refer to the announcement of the Company dated 1 January 2024 and 5 April 2024 for further details.

Five Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 144 of the annual report.

Directors

(a) Directors of the Company

The directors of the Company during the Year and up to the date of this annual report were:

Executive Directors:

Mr. Siu Shawn *(Chairman)*
Mr. Liu Yongzhuo
Mr. Qin Liyong

Independent Non-executive Directors:

Mr. Chau Shing Yim, David
Mr. Guo Jianwen
Mr. Xie Wu

In accordance with Article 81(1) of the Company's Articles of Association (the "**Articles**"), at the annual general meeting in each year, one-third of the Directors for the time being or, if their number is not a multiple of three, the number nearest to but not less than one-third shall retire from office, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

Details of the Directors to be re-elected at the annual general meeting will be set out in the circular to the shareholders of the Company prior to its forthcoming annual general meeting.

(b) Directors of the Company's Subsidiaries

The list of names of all the directors of the Company's subsidiaries during the Year and up to the date of this annual report are kept at the Company's registered office and available for inspection by the Shareholders free of charge during business hours.

Directors' Service Contracts

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' Material Interests in Transactions, Arrangements and Contracts that are Significant in Relation to the Company's Business

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiaries, fellow subsidiaries or its parent companies was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

Biographical Details of Directors and Senior Management

Executive Directors

Mr. Siu Shawn (肖恩), aged 53, is currently the chairman and executive director of China Evergrande New Energy Vehicle Group Limited. He is also an executive director and the president of CEG (stock code: 03333). Mr. Siu joined CEG in November 2013 and has previously acted as the executive president and executive vice president of CEG and the chairman of Evergrande Tourism Group Company Limited (恒大旅遊集團有限公司). Mr. Siu has over 30 years of extensive commercial experience. Mr. Siu graduated from Beijing Normal University with a bachelor's degree in arts. He then completed a postgraduate programme in economic law at the Southwest University of Political Science & Law.

Mr. Liu Yongzhuo (劉永灼), aged 43, is currently the president of Evergrande New Energy Automobile Group. Mr. Liu joined CEG in December 2003 and has previously acted as the vice president of CEG, the chairman of Evergrande Football Club, the chairman of Evergrande Spring Water Group and the chairman of Evergrande High-tech Group. Mr. Liu has over 20 years of experience in corporate management. Mr. Liu graduated from East China Normal University with a bachelor's degree in business administration and later obtained a master's degree in engineering management from Wuhan University of Science and Technology.

Mr. Qin Liyong (秦立永), aged 46, is currently the vice president of Evergrande New Energy Automobile Group. Mr. Qin joined Evergrande Health Industry Group Limited (later renamed as China Evergrande New Energy Vehicle Group Limited) in January 2018. Mr. Qin has over 16 years of management experience in large-scale enterprises. Mr. Qin graduated from Tongji University with a bachelor's degree in engineering management and a master's degree in management science and engineering.

Independent Non-executive Directors

Mr. Chau Shing Yim, David (周承炎), aged 60, has over 30 years of experience in corporate finance and was formerly a partner of one of the big four accounting firms, Mr. Chau was a key member who found their corporate finance division and held the position as their Head of Merger and Acquisition and Corporate Advisory. Mr. Chau is a member of the Institute of Chartered Accountants in England and Wales ("**ICAEW**"), and was granted the Corporate Finance Qualification of ICAEW. He is also a member of the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and was an ex-committee member of the Disciplinary Panel of HKICPA. Mr. Chau is a Senior Fellow and an ex-director of the Hong Kong Securities and Investment Institute and the ex-chairman of China Committee and Corporate Committee. Mr. Chau is the member of Pamela Youde Nethersole Eastern Hospital ("**PYNEH**") Fund Raising Committee and also ex-member of Hospital Governing Committee and PYNEH Charitable Trust.

Mr. Chau is currently an independent non-executive director and audit committee chairman of BC Technology Group Limited (Stock Code: 863), CEG (Stock Code: 3333), China Evergrande New Energy Vehicle Group Limited (stock code: 708), China Ruyi Holdings Limited (Stock Code: 136), Productive Technologies Company Limited (Stock Code: 650), Lee & Man Paper Manufacturing Limited (Stock Code: 2314) and Man Wah Holdings Limited (Stock Code: 1999). All the aforesaid companies are listed on the Stock Exchange.

Mr. Guo Jianwen (郭建文), aged 48, graduated from Beijing University of Chinese Medicine with a bachelor's degree in medicine, as well as Chengdu University of Traditional Chinese Medicine with a master's degree in clinical internal Chinese medicine and a doctoral degree in clinical internal Chinese medicine (specializing in brain emergency diseases). He is a senior head practitioner of Traditional Chinese medicine and has level 3 surgeon qualifications in neurointervention.

Mr. Guo is currently the head and Chief Physician of the Cerebrovascular and Cardiovascular Pathology Division of the Brain Pathology Center of Guangdong Provincial Hospital of Traditional Chinese Medicine (Guangzhou University of Chinese Medicine 2nd Affiliated Hospital), the founder of Guangzhou Wen Mai Tang Technology Company Limited and the founder and director of Guangzhou Wen Mai Tang Traditional Chinese Medicine Center (Chain) Company Limited, the supervisor of the Strategic Development Committee of the Jiangsu Nantong Liangchun Hospital, and the senior consultant of technological development at the Jiangsu Nantong Liangchun Clinical Research Institute of Traditional Chinese Medicine.

In addition, Mr. Guo is also a member of the standing committee and the secretary of the Brain Pathology Division of the China Academy of Chinese Medical Sciences, the secretary of the Expert Committee of Brain Pathology at the Guangdong Provincial Institute of Chinese Medicine, a member of the Consortium for Globalization of Chinese Medicine, an expert product pre-launch inspector of China Food and Drug Administration for new Traditional Chinese medicines, a professional academic commentator of the Guangdong Provincial Department of Science and Technology in the field of social development, an expert anonymous doctoral thesis examiner of the Guangdong Provincial Hospital of Traditional Chinese Medicine Degree Office and an expert anonymous academic title thesis examiner of the Guangzhou University of Chinese Medicine 2nd Affiliated Hospital.

Mr. Xie Wu (謝武), aged 59, is a physician of Traditional Chinese internal medicine. Mr. Xie has practiced clinical Chinese medicine for 25 years, with more than 10 years of experience in hemodialysis and extensive clinical experience in various subfields of nephrology. Mr. Xie worked in the kidney clinic in the People's Hospital in Luohu, Shenzhen and engaged in medical work in Yueyang Luowang Hospital, and is currently working at the hemodialysis center of nephrology and rheumatology of Yueyang Hospital of Traditional Chinese Medicine.

Certain Core Members of the Professional Team

Ms. Cao Hui (曹慧), aged 53, is currently the general manager of the Finance Center of Evergrande New Energy Automobile Group. Ms. Cao joined CEG in January 2008 and has previously held various positions such as the deputy general manager of Evergrande Health Group (恒大健康集團) and the financial manager of Hengda Real Estate Group. Ms. Cao is a senior accountant, certified tax agent and certified public accountant. Ms. Cao graduated from Xinjiang University of Finance & Economics.

Mr. Fong Kar Chun, Jimmy (方家俊), aged 49, is currently the company secretary of each of CEG and China Evergrande New Energy Vehicle Group Limited. Mr. Fong joined CEG in 2009 and has previously acted as the vice president of Hengda Real Estate Group and the vice president and company secretary of Evergrande Group. Mr. Fong has over 20 years of experience in merger, acquisition and capital market. Mr. Fong graduated from the University of Hong Kong and London School of Economics and Political Science with a bachelor's degree in Laws and a master's degree in bank and finance laws, respectively.

Mr. Gao Jingshen (高景深), aged 56, is currently the executive president of Evergrande New Energy Automobile Group. Mr. Gao joined Evergrande New Energy Automobile Group in January 2019 and has previously acted as the deputy general manager of GAC Toyota Motor Co., Ltd. (廣汽豐田汽車公司), the general manager of GAC Gonow Co., Ltd. (廣汽吉奧公司) and the COO of intelligent automobile (China) of Faraday Future. Mr. Gao has over 30 years of operation and management experience in automobile industry. During his term of service at GAC Toyota, his team achieved "zero defects" in Toyota's global quality inspection. Mr. Gao graduated from Guangdong University of Technology with a bachelor's degree in engineering and later obtained a master's degree in business administration from Murdoch University in Australia.

Mr. Wei Linhe (魏林和), aged 58, is currently the vice president of Evergrande New Energy Automobile Group. Mr. Wei joined Evergrande New Energy Automobile Group in September 2020. He worked at Shanghai Volkswagen and SAIC Motor Passenger Vehicle in his early career. He has previously acted as the vice president of Foton Motors Group (福田汽車集團), the executive vice president of Borgward Group (寶沃汽車集團), the general manager of Beijing Borgward Automobile Co., Ltd. (北京寶沃汽車有限公司) and the chairman of Borgward-Faurecia Sitting System Co., Ltd. (寶沃佛吉亞座椅系統有限公司). Mr. Wei has over 30 years of experience of expert technology and corporate management in automobile industry, and is familiar with the product development procedures of mainstream automobile companies across the world. Mr. Wei graduated from Shenyang University of Technology with a bachelor's degree in engineering.

Mr. Guo Haibin (郭海濱), aged 54, is currently the vice president of Evergrande New Energy Automobile Group. Mr. Guo joined Evergrande New Energy Automobile Group in May 2021 and has previously acted as the factory director of GAC Toyota. Mr. Guo has over 30 years of experience in automobile manufacturing and quality management, and is familiar with the whole process of automobile manufacturing. Mr. Guo graduated from Jilin University of Technology with a bachelor's degree in engineering.

Mr. Chen Shiyi (陳士毅), aged 47, is currently the director of Evergrande New Energy Automobile Research Institution (恒大新能源汽車整車研究院). Mr. Chen joined Evergrande New Energy Automobile Group in June 2019 and has previously acted as the director of automobile development department of Jiangling Motors, the vice president of Foton Motors Group, the chief executive officer of cheyun.com, the general manager of business division of DFD New Energy Automobile (多氟多新能源汽車) and the general manager and director of research institution of Hongxing Automobile (紅星汽車). Mr. Chen has over 20 years of experience in research and development and management in automobile industry. Mr. Chen graduated from Nanchang University and Jilin University with a bachelor's degree in engineering and a master's degree in automobile engineering, respectively.

Directors' and Chief Executives' Interests and/or Short Positions in the Shares, Underlying Shares and Debentures of the Company or Any Specified Undertaking of the Company or Any Other Associated Corporation

At no time during the Year was the Company, its subsidiaries, its fellow subsidiaries, its parent companies or its other associated corporations a party to any arrangement to enable the Directors and chief executives of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its specified undertakings or other associated corporation.

The following table discloses movements in the Company's share options outstanding during the Reporting Period:

	Number of share options										
Name or category of participant	As at 1 January 2023	Granted during the reporting period	Exercised during the reporting period	Lapsed during the reporting period	Forfeited/ cancelled during the reporting period	As at 31 December 2023	Date of grant of share options (Note)	Exercise period of share options	Exercise price of share options (HK$ per Share)	Closing price of the Company's listed shares immediately before the grant date of options (HK$ per share)	The weighted average closing price of the Company's listed shares for the five business days immediately preceding the date of grant (HK$ per share)
Employees											
Employees of the Group	132,640,000	NIL	0	60,380,000	0	72,260,000	6 November 2020	6 November 2020 to 5 November 2030	HK$23.05	HK$23.05	HK$21.98
	44,420,000	NIL	0	21,530,000	0	22,890,000	15 June 2021	15 June 2021 to 14 June 2031	HK$32.82	HK$31.35	HK$32.82
	168,640,000	NIL	0	85,175,000	0	83,465,000	20 September 2021	20 September 2021 to 19 September 2028	HK$3.90	HK$2.90	HK$3.90
Directors											
Siu Shawn	20,000,000	NIL	0	0	0	20,000,000	6 November 2020	6 November 2020 to 5 November 2030	HK$23.05	HK$23.05	HK$21.98
Liu Yongzhuo	20,000,000	NIL	0	0	0	20,000,000	6 November 2020	6 November 2020 to 5 November 2030	HK$23.05	HK$23.05	HK$21.98
Qin Liyong	2,000,000	NIL	0	0	0	2,000,000	6 November 2020	6 November 2020 to 5 November 2030	HK$23.05	HK$23.05	HK$21.98
Chau Shing Yim, David	300,000	NIL	0	0	0	300,000	20 September 2021	20 September 2021 to 19 September 2028	HK$3.90	HK$2.90	HK$3.90
Guo Jianwen	300,000	NIL	0	0	0	300,000	20 September 2021	20 September 2021 to 19 September 2028	HK$3.90	HK$2.90	HK$3.90
Xie Wu	300,000	NIL	0	0	0	300,000	20 September 2021	20 September 2021 to 19 September 2028	HK$3.90	HK$2.90	HK$3.90
Total	**388,600,000**	**NIL**	**0**	**167,085,000**	**0**	**221,515,000**					

Note : The vesting period of the share options is from the date of grant to the commencement of the exercise period.

Interests and Short Positions of Directors in the Shares, Underlying Shares or Debentures

As at 31 December 2023, the interest and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("**SFO**")), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as contained in Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Hong Kong Listing Rules**"), were as follows:

Interests of shares in the Company

Name of Director	Nature of interest	Number of Shares interested	Approximate percentage of shareholding
Liu Yongzhuo	Beneficial owner(Note 1)	21,653,500	0.22%
Qin Liyong	Beneficial owner(Note 2)	3,386,000	0.03%
Siu Shawn	Beneficial owner(Note 3)	24,600,000	0.25%
Chau Shing Yim, David	Beneficial owner(Note 4)	300,000	0.00%
Guo Jianwen	Beneficial owner(Note 4)	300,000	0.00%
Xie Wu	Beneficial owner(Note 4)	300,000	0.00%

Notes:

As at 31 December 2023:

(1) Mr. Liu Yongzhuo was interested in 21,653,500 Shares, of which 1,653,500 Shares were directly held by Mr. Liu and 20,000,000 Shares were represented by share options.

(2) Mr. Qin Liyong was interested in 3,386,000 Shares, of which 1,386,000 Shares were directly held by Mr. Qin and 2,000,000 Shares were represented by share options.

(3) Mr. Siu Shawn was interested in 24,600,000 Shares, of which 4,600,000 Shares were directly held by Mr. Siu and 20,000,000 Shares were represented by share options.

(4) Each of Mr. Chau Shing Yim, David, Mr. Guo Jianwen and Mr. Xie Wu was interested in 300,000 Shares which were represented by share options.

Interests of shares in the associated corporations of the Company

Name of Director	Name of associated corporation	Nature of interest	Number of Shares interested	Approximate percentage of shareholding
Liu Yongzhuo	CEG	Beneficial owner	20,600,000 (Note 2)	0.16%
	Evergrande Property Services Group Limited (Note 1)	Beneficial owner	548,500	0.00%
Qin Liyong	CEG	Beneficial owner	4,036,000 (Note 3)	0.03%
Chau Shing Yim, David	CEG	Beneficial owner	1,000,000 (Note 4)	0.01%

Notes:

As at 31 December 2023:

(1) Evergrande Property Services Group Limited was a subsidiary of CEG.

(2) Mr. Liu Yongzhuo was interested in 20,600,000 shares of CEG, which were represented by share options; Mr. Liu was also interested in 548,500 shares of Evergrande Property Services Group Limited, all of which were directly held by Mr. Liu.

(3) Mr. Qin Liyong was interested in 4,036,000 shares of CEG, of which 2,936,000 shares were directly held by Mr. Qin and 1,100,000 shares were represented by share options.

(4) Mr. Chau Shing Yim, David directly held 1,000,000 shares of CEG.

Save as disclosed above, as at 31 December 2023, none of the Directors, the chief executives of the Company nor their associates had any interests or short position in the shares, underlying shares or debentures of the Company and any of its associated corporations that were required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Hong Kong Listing Rules.

Substantial Shareholder

As at 31 December 2023, so far as was known to any Director or the chief executives of the Company, other than a director or the chief executive of the Company, the following persons had interests or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which were notified to the Company:

Name of Shareholder	Nature of interest held	Interest in the Shares	Approximate Percentage of Shareholding (Note)
CEG	Beneficial owner; and interest of corporation controlled by the substantial Shareholder	6,347,948,000	58.54%

Note: Amongst the 6,347,948,000 Shares held, 128,398,000 were held in the capacity of beneficial owner, 6,219,500,000 Shares were held by Evergrande Health Industry Holdings Limited and 50,000 Shares were held by Acelin Global Limited, both being wholly-owned by CEG.

Independence of the Independent Non-executive Directors

The Company had received, from each of the independent non-executive Directors, an annual confirmation of his independence. The Board was satisfied with the independence of all of the independent non-executive Directors.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

Major Suppliers and Customers

The aggregate amount of sales to the Group's five largest customers accounted for less than 30% of the total sales for the Year and the aggregate amount of purchases from the Group's five largest suppliers accounted for less than 30% of the total purchases for the Year.

None of the Directors, their associates or any Shareholders (which to the knowledge of the Directors of the Company owns more than 5% of the Company's share capital) had an interest in these major suppliers or customers.

Connected Transactions

For the year ended 31 December 2023, the Group has entered into the following non-exempt connected transactions.

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

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

The Purchaser is a subsidiary of CEG, the controlling Shareholder and hence a connected person of the Company. Therefore, the Purchaser is an associate of CEG and thus a connected person of the Company. Accordingly, the Disposal also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

For further details of the Disposal, please refer to the announcements of the Company dated 24 April 2023, 25 April 2023, 10 May 2023 and 12 May 2023 and the circular of the Company dated 25 April 2023.

Conversion of Loans Provided by CEG, Mr. Hui, Xin Xin, Ms. Ding and Good Bond to the Company

As disclosed in the sub-section headed "Equity Linked Agreement" above, on 14 August 2023, the Company entered into the Loan Conversion Subscription Agreement and the Set-off Agreement with CEG, Mr. Hui, Xin Xin, Ms. Ding and Good Bond.

The Loan Conversion Subscription Agreement lapsed on 31 December 2023.

For further details of the Loan Conversion, please refer to the announcements of the Company dated 14 August 2023, 1 January 2024 and 5 April 2024.

The Company has engaged the auditor of the Company to report on the aforesaid continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagement 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by HKIPCA and with reference to Practice Note 740 (Revised), Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by HKICPA. Nothing has come to the attention of the Company's auditor which causes them to believe that the disclosed continuing connected transactions: (i) have not been approved by the Board of the Company; (ii) have not complied in all material respects with the relevant agreements affecting such transactions; and (iii) have exceeded the caps set by the Company.

Continuing Connected Transactions

Reference is made to the Company's announcement of annual results for the twelve months ended 31 December 2021 dated 26 July 2023 (the "**2021 Annual Results Announcement**"). In the 2021 Annual Results Announcement, it was disclosed, inter alia, that (a) certain subsidiaries of CEG have provided green landscaping engineering and construction services (the "**Green Landscaping Services**") for the real estate projects developed by certain subsidiaries of the Company from 1 January 2021 onwards; and (b) certain subsidiaries of the Company have entered into certain transactions in relation to procurement of materials (the "**Material Procurement**") from certain subsidiaries of CEG from 1 January 2021 onwards. For details of the Green Landscaping Services and Material Procurement, please refer to the 2021 Annual Results Announcement. The Group has no intention to enter into any new transaction in respect of the Green Landscaping Services and the Material Procurement in 2024 and subsequent years, but the relevant subsidiaries of the Company and the relevant subsidiaries of CEG (in liquidation) will continue to perform such obligations under those agreements having been entered into between them on or before 31 December 2023.

In addition, during the preparation of the annual financial statements of the Company for the year ended 31 December 2023, the Board noted that from 1 January 2023 to 31 December 2023, certain subsidiaries of CEG have purchased new energy vehicles ("**NEV**") from certain subsidiaries of the Company (the "**Sales of NEV**").

Summary of Major Terms in relation to the Sales of NEV

Set out below is the summary of the major terms of the transactions relating to the Sales of NEV:

Period:	From 1 January 2023 to 31 December 2023
Parties:	(i) Certain subsidiaries of CEG (as the purchaser)
	(ii) Certain subsidiaries of the Company (as the supplier)
Scope of sales:	Certain subsidiaries of CEG have purchased NEV from certain subsidiaries of the Company.
Selling price:	The selling prices of NEV were determined after arm's length negotiations and on normal commercial terms with reference to the overall market prices of NEV, market share, ordering situation and performance of major competitors of NEV.
Sales amount:	The aggregate sales amount in respect of the Sales of NEV was approximately RMB15,066,725.65 for the year ended 31 December 2023.
	The Group has no intention to enter into any new transaction in respect of the Sales of NEV. The aggregate sales amount in respect of the Sales of NEV for the year ended 31 December 2023 represents the aggregate amount of transactions that have been completed pursuant to the terms of the existing agreements or purchase orders.

Reasons for and Benefits of the Sales of NEV

The historical long-term cooperation between the Group and CEG in relation to other businesses has enabled CEG to have a comprehensive and in-depth understanding of the Group's NEV business and the sales needs to maintain its business. Hence, as compared to other third parties, selling NEV to CEG would help ensure and maximize operating efficiency and stability of the operations of the Group.

In view of the above, the Directors (excluding Mr. Siu Shawn, Mr. Chau Shing Yim, David, Mr. Guo Jianwen and Mr. Xie Wu) consider that the terms and conditions of the transactions for the Sales of NEV for the year ended 31 December 2023 are fair and reasonable, and all such transactions were carried out on normal commercial terms in the ordinary business of the Group and in the interests of the Company and its shareholders as a whole.

As CEG (in liquidation) is a controlling shareholder of the Company and thus a connected person of the Company, pursuant to Chapter 14A of the Listing Rules, the Sales of NEV, the Green Landscaping Services and the Material Procurement (collectively, the "**Historical Transactions**") constituted continuing connected transactions of the Company.

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

Save as disclosed above, no other transactions between connected persons (as defined in the Hong Kong Listing Rules) and the Company have been entered into and/or are ongoing for which relevant announcements are required to be made by the Company in accordance with Chapter 14A of the Hong Kong Listing Rules.

Save as disclosed above, related party transactions described in Note 39 to the consolidated financial statements of this annual report do not constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Hong Kong Listing Rules, or connected transactions or continuing connected transactions that are exempt from disclosure. The Company has complied with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules in respect of such transactions.

Emolument Policy

The emolument policy of employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications, experience and competence. Please refer to the corporate governance report set out on pages 25 to 41 for the emolument policy of Directors.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of at least 25% of the Company's total issued shares during the Year and as at 31 December 2023.

Competing Business

None of the Directors or chief executives of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or have any other conflict of interests with the Group.

Controlling Shareholders' Interests in Contracts of Significance

Saved as disclosed in this annual report, neither the Company nor any of its subsidiaries entered into any significant contracts with the controlling shareholders of the Company or any of its subsidiaries for the year ended 31 December 2023.

Business Review

In 2023, China's new energy vehicle market continued to grow. According to the data published by the China Association of Automobile Manufacturers, in 2023, the global production and sales volume of new energy vehicles were 9.587 million vehicles and 9.495 million vehicles respectively, representing both an increase of 35.8% and 37.9% respectively, and the market share reached 31.6%. In terms of policies in support of the industry, in 2023, the government departments issued the Circular on the Organization of Pilot Zones for the Full Electrification of Public Sector Vehicles《關於組織開展公共領域車輛全面電動化先行區試點工作的通知》, Implementation Opinions on Accelerating the Construction of Charging Infrastructure to Better Support New Energy Vehicles in the Countryside and Rural Revitalization《關於加快推進充電基礎設施建設更好支持新能源汽車下鄉和鄉村振興的實施意見》, Guiding Opinions on Further Building a High-Quality Charging Infrastructure System《關於進一步構建高質量充電基礎設施體系的指導意見》, Circular on the Launching of New Energy Vehicles to the Countryside in 2023《關於開展2023年新能源汽車下鄉活動的通知》, and the Announcement on the Continuation and Optimization of the Policy on Reduction and Exemption of Vehicle Acquisition Tax for New Energy Vehicles《關於延續和優化新能源汽車車輛購置税減免政策的公告》, to support the development of the new energy vehicles industry. Considering the market potential and the support received from both the industry and government policies, the Group will strive to seize such industry opportunities, improve product layout and promote the growth of its new energy vehicle business.

R&D Aspects:

As at 31 December 2023, the Group had 270 scientific research personnel. During the Reporting Period, the Group continued to improve the product quality, functions, performance and reliability of Hengchi 5 continuously. Four OTA upgrades were completed during the Reporting Period, improving the functions of the vehicle in multiple dimensions, further enhancing product experience in two key dimensions: intelligent vehicle control and intelligent driving. In the meantime, the Group re-planned on the spectrum of its product models and conducted pre-research on the second-generation platform. The functions and performance of Hengchi 6 and Hengchi 7 products were continuously optimized. However, restrained by funding, the progress in the development and verification of these models were affected.

Manufacturing aspects:

As of 31 December 2023, the Group's Tianjin manufacturing base produced Hengchi 5 according to market demand, and a total of 1,700 units had rolled off the production line. During the Reporting Period, the Group continued to improve the management standard of the Tianjin manufacturing base to continuously enhance product quality and work efficiency. Both the Shanghai manufacturing base and the Guangzhou manufacturing base carried out equipment maintenance and management in accordance with the downtime management system and policy.

Sales of new energy vehicles:

As of 31 December 2023, 1,389 vehicles were delivered in aggregate. During the Reporting Period, the Group continued the direct operation model and authorized agent model to build up the sales channel network of Hengchi, while further focusing on key regions based on the Company's situation. There were 18 sales shops set up in 14 key cities including Guangzhou, Tianjin, Beijing, Wuhan and Chongqing. The Group also continued to cooperate with existing agents and automobile maintenance chain brands, Huasheng and Bosch, to provide comprehensive repair, maintenance and services to customers.

In terms of power batteries, according to capital position of the Group, during the Reporting Period, the Group focused its resources on the vehicle development and the R&D and base construction of power batteries ceased.

During the Reporting Period, the Group actively took measures to further reduce its operating costs.

Evergrande New Energy Vehicle (Tianjin) Co., Ltd.* officially commenced mass production in September 2022. As of 31 December 2023, a total of 1,700 Hengchi 5 were produced, which fell short of the relevant requirements.

Permitted Indemnity Provisions

At no time during the Year and up to the date of this directors' report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company (whether made by the Company or otherwise) or an associated company (if made by the Company).

Subsequent Event

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

Auditor

The consolidated financial statements for the year ended 31 December 2023 have been audited by Prism Hong Kong and Shanghai Limited ("**Prism**"). A resolution will be submitted to the forthcoming annual general meeting of the Company to reappoint Prism as auditor of the Company.

PricewaterhouseCoopers ("**PwC**") resigned as the auditor of the Company with effect from 16 January 2023 upon the recommendation of the Company. Prism was appointed as the new auditor to fill the casual vacancy caused by the resignation of PwC and to hold the office of auditor of the Company until the conclusion of the forthcoming annual general meeting of the Company.

Save as disclosed above, there was no other changes in auditor of the Company during the past three years.

On behalf of the Board

Siu Shawn
Chairman

Hong Kong, 27 March 2024

Corporate Governance Code

The Board is committed to maintaining a high standard of corporate governance for the Company within a sensible framework.

The Company had complied with all the code provisions of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules throughout the Year, except as disclosed below.

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

Model Code for Securities Transactions

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

Roles and Duties

Roles and Responsibilities of the Board and Management

The Board is responsible for the leadership, control and promotion of the success of the Group by directing and supervising its business operations in the interests of the Shareholders and by formulating strategy directions and monitoring the financial and management performance of the Group.

During the Year, the Company had at all times met the requirements of Rules 3.10(1) and (2) of the Hong Kong Listing Rules relating to the appointment of at least three independent non-executive Directors, and at least one independent non-executive Director possesses appropriate professional qualifications, or accounting or related financial management expertise. During the same period, the Company had also complied with the requirement to have independent non-executive Directors represent at least one-third of the Board under Rule 3.10A of the Hong Kong Listing Rules.

Each of the executive Directors has entered into a service contract with the Company for a term of three years. Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years. The Directors are subject to retirement by rotation under the Articles of Association of the Company (the "**Articles**"). In accordance with the Articles, at every annual general meeting of the Company, one-third of the Directors for the time being or, if their number is not three or a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement at least once every three years.

Delegation to the Management

The management team of the Company (the "**Management**") is led by the executive Directors of the Board and has delegated powers and authorities to carry out the day-to-day management and operation of the Group, formulate business policies and make decision on key business issues, and exercise such power and authority to be delegated by the Board from time to time. The team assumes full accountability to the Board for the operations of the Group.

There is a formal schedule of matters specifically reserved to and delegated by the Board. The Board has given clear directions to the Management that certain matters (including the following) must be reserved to the Board:

— Publication of final and interim results of the Company

— Dividend distribution or other distributions

— Major issues of treasury policy, accounting policy and remuneration policy

— Changes to major group structure or Board composition requiring notification by announcement

— Publication of the announcement for notifiable transaction and non-exempted connected transaction/continuing connected transaction

— Non-exempted connected transaction/continuing connected transaction

— Proposed transaction requiring Shareholders' approval

— Capital restructuring of the Company and issue of new securities of the Company

— Financial assistance to Directors

4 Board meetings were held during the Year. The attendance of individual Directors at the Board meetings, the meetings of the 4 Board committees and general meetings held during the year ended 31 December 2023 is set out below:

Board Composition

Up to the date of this annual report, the Board comprises:

Executive Directors

Mr. Siu Shawn *(Chairman)*
Mr. Liu Yongzhuo
Mr. Qin Liyong

Non-executive Directors

None

Independent Non-executive Directors

Mr. Chau Shing Yim, David
Mr. Xie Wu

Biographical details of the current members of the Board are set out on pages 13 to 14 of this annual report.

Up to the date of this annual report, no Director has any personal relationship with any other Director or the Company's chief executive (including financial, business, family or other material/relevant relationships).

Board Committees

The Company has set up 4 Board committees, including an audit committee ("**Audit Committee**"), a remuneration committee ("**Remuneration Committee**"), a nomination committee ("**Nomination Committee**") and a corporate governance committee ("**Corporate Governance Committee**").

	No. of meetings attended/held					
	Board Meeting	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee	General Meeting
Executive Directors						
Mr. Siu Shawn (Chairman)[Note 1]	4	N/A	0	0	0	2
Mr. Liu Yongzhuo	4	N/A	0	0	0	2
Mr. Qin Liyong	4	N/A	0	0	0	2
Independent Non-executive Directors						
Mr. Chau Shing Yim, David[Note 2]	4	1	0	0	0	2
Mr. Guo Jianwen[Note 3]	4	1	0	0	0	2
Mr. Xie Wu[Note 4]	4	1	N/A	N/A	0	2

Note 1: member of the Remuneration Committee and the Corporate Governance Committee and chairman of the Nomination Committee.

Note 2: chairman of the Audit Committee, the Remuneration Committee and the Corporate Governance Committee and member of the Nomination Committee

Note 3: member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee.

Note 4: member of the Audit Committee.

Directors' Training

All Directors have complied with the code provision in relation to continuous professional development. This involved various forms of activities including reading materials relevant to corporate governance and other regulatory requirements.

The Company has an induction policy for new members of the Board. On appointment, the new member would receive an induction which would include meetings with the members of the Board, introducing the Group's business segments in which the Group operates, the roles and responsibilities as a director of the Company and the requirements under the Hong Kong Listing Rules in respect of the Code provisions in relation to continuous professional development.

The Company regularly updates Directors on the developments in respect of the Hong Kong Listing Rules and applicable regulatory requirements to enhance their awareness of good corporate governance practices.

All of the Directors who had served during the Year, namely, Mr. Siu Shawn, Mr. Liu Yongzhuo, Mr. Qin Liyong, Mr. Chau Shing Yim David, Mr. Guo Jianwen and Mr. Xie Wu attended the above-mentioned training sessions to develop and refresh their knowledge and skills. The company secretary of the Company has also complied with the 15 hours training requirement under Rule 3.29 of the Hong Kong Listing Rules.

Audit Committee

The Audit Committee has been established in accordance with the requirements of the Hong Kong Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely Mr. Chau Shing Yim, David (as the chairman of the Audit Committee), Mr. Guo Jianwen and Mr. Xie Wu. The revised terms of reference of the Audit Committee are consistent with the terms set out in the relevant section of the Code.

The specific written terms of reference of the Audit Committee is available on the Company's website. The Audit Committee is primarily responsible for (a) making recommendations to the Board on the appointment, reappointment and removal of the external auditor; (b) approving the remuneration and terms of engagement of external auditor, (c) reviewing financial information; (d) overseeing the financial reporting system; and (e) reviewing the financial controls, risk management and internal control systems.

A summary of the work performed by the Audit Committee during the Year is set out below:

i. Reviewed with the Management/finance-in-charge and/or the external auditor the effectiveness of audit process and the accounting principles and practices adopted by the Group, the accuracy and fairness of the annual financial statements for the year ended 31 December 2023;

ii. Reviewed with the Management and finance-in-charge the effectiveness of the internal control system of the Group;

iii. Annual review of the non-exempt continuing connected transactions of the Group for the Year;

iv. Met with external auditor and reviewed their work and findings relating to the audit for the Year;

v. Approved the audit plan for the Year, reviewed the external auditor's independence and approved the engagement of external auditor; and

vi. Recommended the Board on the re-appointment of external auditor.

During the Year, 1 meeting was held by the Audit Committee, including meeting to approve and review the annual financial statements (including accounting policies and practices adopted) of the Group for the year ended 31 December 2023, and recommended such financial statements to the Board for approval. The record of attendance of members at such meeting is set out on page 27 of this annual report.

On 26 March 2024, the Audit Committee met to review the risk management and internal control systems of the Group, the annual financial statements and other reports for the Year and discussed any significant audit matters with the Company's external auditor and the senior management before recommending them to the Board for consideration and approval thereof. The Audit Committee recommended the Board in relation to the re-appointment of Prism as the Company's external auditor for the financial year ending 31 December 2023 at the forthcoming annual general meeting of the Company.

Remuneration Committee

The Remuneration Committee has been established in accordance with the requirements of the Hong Kong Listing Rules. The Remuneration Committee comprises two independent non-executive Directors, namely Mr. Chau Shing Yim, David (as the chairman of the Remuneration Committee) and Mr. Guo Jianwen and one executive Director, namely Mr. Siu Shawn. During the Year, no changes were made to the terms of reference of the Remuneration Committee.

The specific written terms of reference of the Remuneration Committee is available on the Company's website. The Remuneration Committee is primarily responsible for making recommendation to the Board on (a) the Company's policy and structure for the remuneration of Directors and senior management; (b) the remuneration of non-executive Directors; (c) the specific remuneration packages of individual executive Directors and senior management; and (d) assessing performance of executive Directors, and approving executive directors' service contracts. Details of the remuneration of each of the Directors for the Year are set out in Note 41 to the consolidated financial statements in this annual report.

A summary of the work performed by the Remuneration Committee during the Year is set out as follows:

i. Reviewed and recommended the Board to approve the Directors' fees; and

ii. Reviewed the current level and remuneration structure/package of the executive Directors and senior management and recommended the Board to approve their specific packages.

The emoluments of the salaried executive Directors are decided by the Board as recommended by the Remuneration Committee having regard to the written remuneration policy. The remuneration policy ensures a clear link to business strategy and a close alignment with Shareholders' interest and current best practice, and provides that operating results, individual performance and comparable market statistics should be considered when deciding the emoluments of directors. All Directors are paid fees in line with market practice. No Director or any of his/her associates is involved in deciding his or her own remuneration.

No meeting was convened by the Remuneration Committee for the year ended 31 December 2023 to review and make recommendations on the remuneration of newly appointed executive directors of the Company.

Nomination Committee

The Nomination Committee has been established in accordance with the requirements of the Hong Kong Listing Rules. The Nomination Committee comprises two independent non-executive Directors, namely Mr. Chau Shing Yim, David and Mr. Guo Jianwen and one executive Director, namely Mr. Siu Shawn (as the chairman of the Nomination Committee). The Nomination Committee's terms of reference are basically the same as those set forth in code provision B.3.1 of the Code. During the Year, no changes were made to the terms of reference of the Nomination Committee.

The primary duties of the Nomination Committee include (a) reviewing the structure, size and diversity of the Board; (b) determining the policy for the nomination of Directors and identifying potential candidates for directorship; (c) assessing the independence of independent non-executive Directors; (d) reviewing the time commitment of each Director; (e) reviewing the board diversity policy ("**Board Diversity Policy**"); and (f) making recommendations to the Board on any proposed changes to the Board or selection of individual nominated for directorships or on appointment or reappointment of Directors.

A summary of the work performed by the Nomination Committee during the Year is set out as follows:

i. Reviewed structure, size and diversity of the Board;

ii. Reviewed the independence of the independent non-executive Directors; and

iii. Recommended to the Board the nomination of Directors for election and re-election at the forthcoming annual general meeting.

As adopted by the Board, the Board Diversity Policy aims to achieve diversity on the Board in the broadest sense in order to have a balance of skills, experience and diversity of perspectives appropriate to the business nature of the Company. Selection of candidates on the Board is based on a range of diversity perspectives, including gender, age, length of service, professional qualification and experience. The Nomination Committee also assesses the merits and contribution of any Director proposed for re-election or any candidate nominated to be appointed as Director and against the objective criteria, with due regard for the benefits of diversity on the Board that would complement the existing Board. As at 31 December 2023, the gender ratio of the Company's employees (including Directors and senior management) was 24% (Female) to 76% (Male).

During the Year, no meeting was held by the Nomination Committee to review the structure and composition of the Board.

Corporate Governance Committee

The Corporate Governance Committee comprises five members, including two independent non-executive Directors, namely Mr. Chau Shing Yim, David (as the chairman of Corporate Governance Committee) and Mr. Guo Jianwen and one executive Director, namely Mr. Siu Shawn, a representative from the Company's company secretarial function and a representative from the Company's finance and accounts function. The specific written terms of reference of the Corporate Governance Committee is available on the Company's website.

The primary duties of the Corporate Governance Committee include (a) reviewing the policies and practices on corporate governance and compliance with legal and regulatory requirements of the Company; (b) reviewing and monitoring the training and continuous professional development of Directors and senior management; (c) reviewing the code of conduct applicable to Directors and relevant employees of the Group; and (d) reviewing the Company's compliance with the Code and disclosure in corporate governance reports.

A summary of the work performed by the Corporate Governance Committee during the Year is set out as follows:

i. Reviewed the Company's corporate governance policy;

ii. Reviewed the training and continuous professional development of Directors and senior management;

iii. Reviewed the policies and practices on compliance with legal and regulatory requirements;

iv. Reviewed the code of conduct applicable to Directors and relevant employees of the Group; and

v. Reviewed the Company's compliance with the Code and disclosure in its corporate governance report.

Securities Transactions by the Directors

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set forth in Appendix C3 of the Hong Kong Listing Rules as the code of conduct for securities transactions conducted by the Directors. The Company, having made specific enquiries to all the Directors, confirmed that all Directors have complied with the required standard set out in the Model Code during the Year.

Directors' Responsibilities for the Financial Statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the consolidated financial statements of the Group are published in a timely manner.

The Directors are responsible for ensuring the maintenance of proper accounting records of the Company and taking reasonable steps for the prevention and detection of fraud and other irregularities. The reporting responsibilities of the external auditor, Prism, are set out in the Independent Auditor's Report on pages 42 to 44 of this annual report.

Pursuant to code provision D.1.3 of Part 2 of the Corporate Governance Code, the Directors were aware that as disclosed in note 2 to the consolidated financial statements in this report, material uncertainties exist which cast significant doubt on the Group's ability to continue as a going concern.

Material Uncertainty related to Going Concern

Code Provision D.1.3 of the Corporate Governance Code stipulates that, unless it is inappropriate to assume that the company will continue in business, the directors should prepare the accounts on a going concern basis. During the Reporting Period, the Group incurred a net loss of approximately RMB11,995 million. As at 31 December 2023, the Group had net current liabilities of approximately RMB38,077 million. As at 31 December 2023, the accumulated losses and the shareholders' deficit of the Group amounted to approximately RMB110,841 million and RMB37,693 million, respectively. The Group's cash and cash equivalents amounted to approximately RMB129 million only. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

As disclosed in the annual results announcement of the Company dated 27 March 2024, during the preparation of the consolidated financial statements for the year ended 31 December 2023, Prism had considered the potential cumulative effect on the consolidated financial statements of this material uncertainty relating to going concern to be so significant that they have disclaimed their opinion ("**Disclaimer Opinion**") as Prism have not obtained sufficient appropriate audit evidence regarding the Group's ability to meet its financial obligations as at the date of the approval for issuance of the consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the Hong Kong Companies Ordinance.

The details of the Disclaimer Opinion are set out in the Independent Auditor's Report on pages 42 to 44 of this report.

Management's Position, View and Assessment on the Disclaimer Opinion

The Directors have reviewed the Group's cash flow projections prepared by the management of the Company. The cash flow projections cover a period of not less than twelve months from 31 December 2023. They are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2023. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Audit Committee's View towards the Disclaimer Opinion

The Audit Committee had reviewed the facts and circumstances leading to the Disclaimer Opinion relating to going concern, discussed with the auditors and the management of the Company regarding the Disclaimer Opinion and taken into account the Board's response to the Disclaimer Opinion. Based on (i) the management's plans and measures to address the Disclaimer Opinion and the implementation of the management's action plan; and (ii) its review of the cash flow projections of the Group which cover a period of not less than 12 months from 31 December 2023, the Audit Committee has agreed with the management's position and basis including matters involving management's substantial judgments.

The Audit Committee noted that the Group is in the progress of taking the plans and measures to mitigate its liquidity pressure and improve its financial position. The Audit Committee is of the view that such plans and measures if implemented successfully will mitigate its liquidity pressure and improve its financial position and resolve the Disclaimer Opinion.

Proposed Action Plan to resolve the Going Concern Issue and the Disclaimer Opinion

Certain plans and measures have been taken to mitigate the liquidity pressure and to improve the Group's financial position which include, but are not limited to, the following:

(i) the Group continues to take active plans and measures to control operation and administrative costs through various channels, including but not limited to optimisation and adjustment of production and human resources.

The management of Group has been implementing active cost-saving measures to control administrative costs through various channels, including temporary salary reduction and leave arrangement for staff, and reduction in promotional costs during the Reporting Period, to improve operating cash flows and financial position of the Group.

(ii) maintaining close communication with suppliers, customers and banks, etc.

The Group has been actively communicating with its suppliers, sharing the Company's production and operation plans in a timely manner, and negotiating installment repayment plan for historical debts owed to its suppliers in order to alleviate the Group's cash flow and improve its financial position.

The Group has been proactively communicating with financial institutions to negotiate adjustments to repayment plans and facilitate debt rollovers in order to alleviate the Group's cash flow and improve its financial position. Some financial institutions have provided support to the Company in adjusting the repayment plans for maturing debts or carrying out debt rollovers.

(iii) committing to soliciting new customers and exploring overseas markets to support the sustainable development of the principal business of the Group.

By analyzing the capacity of the new energy vehicle market and the sales of competitors in various cities in the PRC, we aim to focus on key regions, recruit new agents, increase terminals to reach users, and obtain market orders. We plan to expand into overseas markets, establish overseas teams, and select destinations suitable for Hengchi's layout according to overseas market conditions.

(iv) containment of capital expenditures; and

(v) introducing strategic investors etc. (the "Business and Operation Restructuring Plan").

The Group is discussing its business and restructuring plans in light of the current operating conditions, following the introduction of a strategic investor. The Group is also actively promoting the introduction of a strategic investor.

(vi) The Group is still actively negotiating with various bank, other financial institutions, third parties and related parties to renew its existing borrowings and corporate bonds due to mature within twelve months from 31 December 2023, so that the Group will be able to meet financial obligations as and when they fall due within twelve months from 31 December 2023, provided that strategic investors are introduced (the "Financing Plan").

The management of Group has been negotiating with the management of a bank to request for revising the loan covenants and not demanding immediate repayment of existing bank loan due to the breach of loan covenants and drawdown of bank borrowings from the remaining available banking facilities. Up to the date of this report, the bank has not requested for early repayment of the existing bank loan.

Taking into account the proposed measures set out above, provided that the plans and measures being executed successfully to mitigate the Company's liquidity position and when the uncertainties casting doubt on the Company's going concern do not exist, the Company expects that the Disclaimer Opinion would be removed in the auditors' report for the year ending 31 December 2024.

Risk Management and Internal Control

Duties of the Board and Management

The Board is responsible for the risk management and internal controls system and the review of the effectiveness thereof. The Board is also responsible for assessing and determining the nature and extent of the risks that the Group is willing to take to achieve its strategic objectives, and monitoring the establishment and maintenance of appropriate and effective risk management and internal controls system. The Management is responsible for designing and maintaining an effective risk management and internal control system as well as providing confirmations to the Board on the effectiveness of the system.

Sound risk management and internal controls systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance that there will be no material misstatements or losses.

Risk Management

1. Enhancement in risk management system and structure

Based on the latest group organizational structure and measures in the previous year, the Company continued to improve the risk management system structure at the group level to guide the risk assessment activities and ongoing risk monitoring activities through the following measures:

- **Reiterated the risk management organizational structure** — An organizational structure with the Audit Committee as the decision-maker, the leading groups and management of various business segments of the Company as the execution unit, has been established to divide risk management responsibilities and set out clear responsibilities for risk management and the risk information reporting line.

  Major roles and responsibilities under the risk management system are set out below:

Role	Major Responsibility
The Board (the decision-making party)	■ Evaluates and determines the nature and acceptable extent of risks so as to ensure that the strategic objectives can be achieved
	■ Ensures the establishment and maintenance of effective risk management and internal control system
	■ Supervises the management in designing, implementing and supervising the risk management and internal control system
The Audit Committee (the decision-making party)	■ Reviews the structure of risk management and monitors its effectiveness on a continuous basis, and reviews the fundamental risk management system
	■ Supervises the management in designing, implementing and supervising the risk management and internal control system
	■ Monitors the frequency of the occurrence of material control default or discovery of material control weakness, and the extent to which they have resulted in unforeseen and emergent outcomes or contingencies that have had, may have or may in the future have, a material impact on the Company's financial performance or condition

Role	Major Responsibility
Senior management of the Group (the leader)	■ Facilitates the establishment of risk management system, and reviews the policy and mechanism in relation to the risk management on regular basis ■ Designs, implements and supervises the risk management of the Group, reports matters in relation to risk management to the Audit Committee on a regular basis, and reports and discloses significant risk information to the Audit Committee ■ Confirms to the Audit Committee as to whether or not the risk management system is effective
Management of the Group's headquarters and the management of the segments under the Group (the execution party)	■ Updates the risk exposure list of operations on a regular basis, and conducts relevant works such as risk identification and evaluation ■ Formulates and implements risk response plan for operations ■ Responsible for the execution and implementation of specific risk management measures ■ Monitors and controls various risk exposures in operations, and timely reports risk information to the coordinator and management of risk management matters ■ Conducts other works in relation to risk management
Coordinator of risk management matters	■ Organizes the commencement of risk identification and evaluation works ■ Organizes the preparation of regular risk evaluation reports and submits the results to the management of risk management matters ■ Organizes and coordinates risk management training and guidance
Internal audit function	■ Acts as risk management supervisory institution, responsible for supervising and evaluating the risk management works conducted by the Group and its business segments

- **Updated risk assessment criteria** — During the Year, based on the changes in the internal and external environment, the Group updated the risk assessment criteria applicable to each business segment according to the nature, business characteristics and strategic objectives of the Group and various activities of the business segments and the risk appetite of the management. The risks that are most likely to affect the achievement of the objectives have also been assessed using commonly recognized assessment methods and assessment criteria.

- **Refined and regulated the work flow for risk management work** — Based on the business operations, the Group continuously monitors and manages risks through the risk management procedures (for details, please refer to Figure 1: Risk Management Procedures set out below), with major steps including identification, evaluation, response, supervision and report. By mainly considering the operating goals of the Group and different business segments, the Group identifies risk factors affecting the achievement of such operating goals. The Group also evaluates possible and potential impacts of each specific risk, adopts specific measures in response to identified risk exposures, and continuously supervises and evaluates changes in risk exposure and timely adjusting response measures. During the Year, the Group reviewed, adjusted and improved the risk management procedures to improve the efficiency and standardization of its operations.

- **Refined and reiterated the frequency of risk management review** — The frequency of evaluation and report on risk management of the Group has been reiterated (at least once for every year). The aforesaid key elements standardized the format and frequency of report through the Company's risk management manual.

(Figure 1: Risk Management Procedure)

2. Risk Evaluation Conducted by the Company in 2023

In addition to the above risk management framework at the group level, the management of the Group also engaged external advisors to assist in the continuous maintenance and improvement of the risk management system in 2023, details of which include the following:

- *Follow up on the implementation of risk management improvement measures from last year's risk assessment*

  During the Year, the management of the Group followed up on the implementation of the risk management improvement measures identified in prior year's risk assessment, as well as establishing a continuous risk management cycle which contains the process of "Risk assessment — Implementation the of the risk management procedures — Follow-up of the implementation of risk management measures — Risk management system ongoing monitoring" in order to ensure that the any risk management gaps are rectified and the ability to prevent and cope with risks is strengthened (for details, please refer to Figure 2: Risk assessment and management model).

(Figure 2: Management and Control Mode for Risk Management)

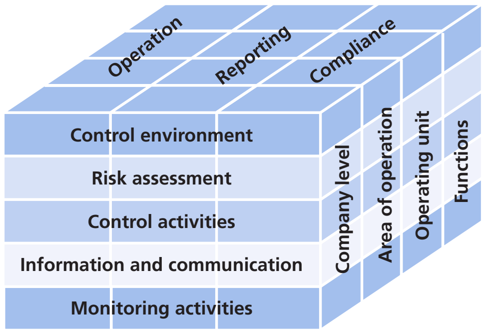
- *Conduct a comprehensive review of risk management system at the group level in 2023*

  The management of the Group updated the risk assessment standards and risk database based on the external market environment, changes in the internal operation environment, business development and risk preferences. In addition, it adopted a systematic risk assessment method to review the changes in the nature and degree of the material risks facing its business segments, identified the material risks facing its business segments, analyzed the status of risk management and control and countermeasures to be adopted and key risk management strategies, and reported the risk assessment results to the Audit Committee. The Audit Committee reviewed and assessed the changes in the nature and degree of material risks on behalf of the Board, and completed the review of the risk management systems and considered the risk management systems are effective and sufficient.

Internal Control

1. Enhancement of the Internal Control Framework

The Company has established its own internal control system by making reference to the internal control framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) (please refer to figure 3: COSO Internal Control — Integrated Framework). The Group's internal control system consists of five interdependent elements, which coordinates with each other and operate to ensure the effectiveness of internal control functions of the Group. The five elements are: control environment, risk assessment, control activities, information and communication and monitoring activities.



(Figure 3: COSO Internal Control — Integrated Framework)

The Company's internal control system, as an integral part of its risk management, is established based on the risks facing the Group. The management at the headquarters of the Group, its business segments and other departments have designed and implemented a series of policies and procedures in view of the process relating to finance, operation and compliance, and monitors the implementation of these policies and procedures and their effectiveness.

2. Internal Audit

The Company has in place internal control functions. The Management has developed measures for improvement in view of the vulnerabilities and weaknesses identified during the internal controls review, which are followed up on by the Company's supervision department on a regular basis to ensure the timely implementation of the relevant measures for improvement.

Whistleblowing and Anti-Corruption Policies

The Company is committed to high standard of openness, probity and ethical business practices. A whistleblowing policy and system has been adopted to ensure employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matter related to the Company. The identity of the whistleblower will be treated with the strictest confidential.

Review of Risk Management and Internal Control System

The Board reviews the Group's risk management and internal control system at least once a year. During the Year, the Board had conducted a comprehensive review of the risk management and internal control system of the Group through the Audit Committee. Major works included the continuous implementation of the results of risk evaluation and internal control review in the prior year, as well as the commencement of various material risk evaluations for the Year and internal control review of key operating procedures. The period under review covered the accounting year of 2023. The scope of review covered the Group and major business segments, primarily focuses on review of controls over all major aspects, including financial control, operating control and compliance control. Such review had considered the changes in the nature and severity level of material risks (including the significant ESG risks) and the capability of the Group in handling business and external environment changes. The Board considers that the relevant systems are effective and sufficient.

The Audit Committee has reviewed the resources, staff qualifications and experience of the Company on accounting, risk management, internal audit and financial reporting functions as well as its staff training programs and budget and confirmed the adequacy of the same.

Framework for Disclosure of Inside Information

The Company has put in place a framework for the handling and disclosure of inside information in compliance with the SFO. The framework sets out the procedures and internal controls, including but not limited to establishing controls for monitoring business and corporate developments and events so that any potential inside information is promptly identified and escalated, restricting access to inside information to a limited number of employees on a need-to-know basis, and ensuring employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality, for the handling and dissemination of inside information in a timely manner so as to allow all Shareholders and stakeholders to assess the latest position of the Group.

Auditor's Remuneration

During the Year, the remuneration paid and payable for the annual audit and review of the interim financial statements amounted to approximately RMB5.90 million and remuneration for non-audit services amounted to approximately RMB0.55 million.

Amendments to the Company's Constitutional Documents

During the Year, the Company had not amended its Articles.

Communication with Shareholders

The Company has established a Shareholders' communication policy and the Board shall review it on a regular basis to ensure its effectiveness. The Company communicates with the Shareholders mainly in the following ways: (i) the holding of annual general meetings and other general meetings, if any, which may be convened for specific purposes which provide opportunities for the Shareholders to communicate directly to the Board; (ii) the publication of announcements, annual reports, interim reports, circulars on the websites of the Company, the Hong Kong Stock Exchange; (iii) publication of press releases of the Company providing updated information of the Group; (iv) the availability of latest information of the Group in the Company's website; (v) the holding of investor/analyst briefings and media conference from time to time; and (vi) meeting with investors and analysts on a regular basis and participate investor road shows and sector conference.

There is regular dialogue with institutional shareholders and general presentations are usually made when financial results are announced. Shareholders and investors are welcomed to visit the Company's website and raise enquires through our investor relations department whose contact details are available on the Company's website and the "Corporate and Shareholder Information" section of this annual report.

Separate resolutions will be proposed at the general meetings for each substantially separate issue, including the re-election of retiring Directors. The Company's notice to Shareholders for the forthcoming annual general meeting will be provided to Shareholders at least 21 days before the meeting.

The chairperson of the annual general meeting, chairperson/chairman/members of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee and the external auditors will be available at the forthcoming annual general meeting to answer questions from the Shareholders. The Chairperson of the meeting will also explain the procedures for conducting a poll during the meeting.

Shareholders' Rights

Set out below is a summary of certain rights of the Shareholders that are required to be disclosed pursuant to the Code.

Convening a General Meeting and Putting Forward Proposals at the Shareholders' Meeting

Shareholder(s) representing at least 5% of the total voting rights of all the members of the Company having a right to vote at general meetings can make a requisition to convene a general meeting pursuant to the Companies Ordinance. The requisition must state the general nature of the business to be dealt with at the meeting, signed by the relevant shareholder(s) and deposited at our registered office for the attention of the Company Secretary, and may consist of several documents in like form, each signed by one or more requisitionists.

Furthermore, the Companies Ordinance provides that (i) shareholder(s) representing at least 2.5% of the total voting rights of all shareholders of the Company or (ii) at least 50 shareholders having a relevant right to vote can put forward proposals for consideration at a general meeting of the Company by sending a requisition in writing to the registered office of the Company for the attention of the Company Secretary at least 7 days before the meeting to which it relates. The above requisitions must identify the statement of not more than 1,000 words with respect to the matter mentioned in a proposed resolution or other business to be dealt with at the meeting and must be authenticated by the person or persons making them.

Enquiries from Shareholders

Shareholders should direct their enquiries about their shareholdings to the Company's share registrar, Tricor Secretaries Limited. Other Shareholders' enquiries can be directed to the investor relations department of the Company whose contact details are shown on the "Corporate and Shareholder Information" section of this annual report.

Disclaimers

The contents of the section headed "Shareholders' Rights" in this annual report are for reference only and in compliance with disclosure requirements, which do not represent and shall not be regarded as legal or other professional advice to the Shareholders. Shareholders should seek their independent legal or other professional advice as to their rights as shareholders of the Company. The Company disclaims all liabilities and losses incurred by the Shareholders in reliance upon any contents of the section headed "Shareholders' Rights".

Dividend Policy

The Board shall consider various factors before declaring or recommending dividends, including the Company's actual and expected financial performance; retained earnings and distributable reserves of the Company and each of the members of the Group; the Group's working capital requirements, capital expenditure requirements and future expansion plans; the Group's liquidity position; general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and other factors that the Board deems relevant.

The payment of dividend is also subject to compliance with applicable laws and regulations including the laws of Hong Kong and the Company's Articles.

Investor Relations

The Company emphasises communication with institutional investors so as to enhance the transparency of the Company, and stresses the importance of channels to collect and respond to the opinions of institutional investors. During the Year, the Directors and senior management of the Company participated in several roadshows and investment meetings. Additionally, the Company released information and responded to questions from the media through press conferences and the Company's website, and communicated with the media on a regular basis.

Shareholders, investors and the media can make enquiries with us by the following methods:

By telephone: (852) 2287 9208/2287 9218/2287 9207
By post: Room 2202, 22/F, YF Life Centre, 38 Gloucester Road, Wanchai, Hong Kong

Review of Consolidated Financial Information

The Audit Committee has reviewed the results of the Group for the year ended 31 December 2023.

To the shareholders of Evergrande New Energy Vehicle Group Limited
(Incorporated in Hong Kong with limited liability)

Report on the Audit of the Consolidated Financial Statements

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Evergrande New Energy Vehicle Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 45 to 51, which comprise the consolidated statement of financial position as at 31 December 2023 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information and other explanation information.

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

Basis for Disclaimer of Opinion

Material uncertainties relating to going concern

As described in note 2 to the consolidated financial statements, the Group incurred a net loss of approximately RMB11,995 million for the year ended 31 December 2023 and had net current liabilities of RMB38,077 million as at 31 December 2023. The Group's cash and cash equivalents amounted to RMB129 million only. These conditions, along with other matters as described in note 2 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

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

Responsibilities of Directors of the Company and Those Charged with Governance

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA and to issue an auditor's report, solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance and our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Report on Other Matters under Sections 407(2) and 407(3) of the Hong Kong Companies Ordinance

In respective alone of the inability to obtain sufficient appropriate audit evidence regarding the going concern as described in the Basis for Disclaimer of Opinion section of our report above:

- we were unable to determine whether adequate accounting records had been kept; and
- we have not obtained all the information and explanations that, to the best of our knowledge and belief, are necessary and material for the purpose of the audit.

The engagement partner on the audit resulting in the independent auditor's report is Lee Kwok Lun.

Prism Hong Kong and Shanghai Limited
Certified Public Accountants
Lee Kwok Lun
Practising Certificate Number: P06294

27 March 2024, Hong Kong

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	31 December 2023 RMB'000	31 December 2022 RMB'000
Continuing operations			
Revenue	5(a)	**1,340,148**	134,011
Cost of sales		**(1,391,359)**	(227,869)
Gross loss		**(51,211)**	(93,858)
Other income, net		**4,785**	274,837
Other losses, net	8	**(446,025)**	(1,178,928)
Selling and marketing costs		**(254,907)**	(196,126)
Administrative expenses		**(2,350,222)**	(2,616,661)
Net impairment losses on financial assets	3(a)	**(929,701)**	(79,688)
Net impairment losses on property, plant and equipment, intangible assets and right-of-use assets	12, 13 & 15	**(4,811,100)**	(8,251,044)
Net impairment losses on inventories and properties under development	18 &19	**(123,784)**	—
Operating loss		**(8,962,165)**	(12,141,468)
Finance income	9	**4,598**	8,112
Finance costs	9	**(1,921,272)**	(1,230,922)
Finance costs, net	9	**(1,916,674)**	(1,222,810)
Fair value losses on financial assets at fair value through profit or loss		**(73,079)**	(2,419,707)
Loss before income tax		**(10,951,918)**	(15,783,985)
Income tax credit	10	**17,737**	931,048
Loss for the year from continuing operations	6	**(10,934,181)**	(14,852,937)
Discontinued operation			
Loss for the year from discontinued operations	33	**(1,060,929)**	(12,810,772)
Loss for the year		**(11,995,110)**	(27,663,709)
Other comprehensive loss:			
Items that may be reclassified to profit and loss:			
Currency translation differences		**(307,522)**	(2,139,588)
		(307,522)	(2,139,588)
Total comprehensive loss for the year		**(12,302,632)**	(29,803,297)

	Notes	**31 December 2023 RMB'000**	31 December 2022 RMB'000
Loss for the year attribute to owners of the Company			
— From continuing operations		**(10,873,270)**	(14,849,590)
— From discontinued operations		**(1,060,929)**	(12,810,772)
		(11,934,199)	(27,660,362)
Loss for the year attributable to non-controlling interest			
— From continuing operations		**(60,911)**	(3,347)
— From discontinued operations		**—**	—
		(60,911)	(3,347)
Total comprehensive loss attributable to:			
— Owners of the Company		**(12,241,721)**	(29,799,950)
— Non-controlling interests		**(60,911)**	(3,347)
		(12,302,632)	(29,803,297)
Loss per share from continuing operations and discontinued operations			
(expressed in RMB cents per share)			
— Basic loss per share	11	**(110.056)**	(255.080)
— Diluted loss per share	11	**(110.056)**	(255.080)
Loss per share from continuing operations			
(expressed in RMB cents per share)			
— Basic loss per share	11	**(100.272)**	(136.941)
— Diluted loss per share	11	**(100.272)**	(136.941)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	31 December 2023 RMB'000	31 December 2022 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	**12,440,969**	14,536,900
Right-of-use assets	13	**2,024,479**	2,921,112
Intangible assets	15	**786,835**	4,477,860
Prepayments	17	**59,665**	192,426
Investments accounted for using the equity method	22	**34,298**	—
Financial assets at fair value through profit or loss	23	**162,289**	259,321
Deferred tax assets	31	**78**	8,956
		15,508,613	22,396,575
Current assets			
Trade and other receivables and prepaid taxes	16	**18,671,281**	4,598,222
Prepayments	17	**129,793**	54,477
Properties under development	18	**109,018**	2,449,924
Inventories	19	**284,593**	521,892
Financial assets at fair value through profit or loss	23	**746**	134,300
Restricted cash	20	**17,900**	19,390
Cash and cash equivalents	21	**128,824**	219,941
		19,342,155	7,998,146
Assets classified as discontinued operations	33	**—**	84,826,534
Total current assets		**19,342,155**	92,824,680
Total assets		**34,850,768**	115,221,255
EQUITY			
Equity attributable to owners of the Company			
Share capital and share premium	25	**28,124,101**	28,124,101
Reserves	27	**45,072,080**	2,181,456
Accumulated losses		**(110,840,530)**	(98,906,331)
		(37,644,349)	(68,600,774)
Non-controlling interests	32	**(48,202)**	(50,088)
Total deficit		**(37,692,551)**	(68,650,862)

	Notes	**31 December 2023 RMB'000**	31 December 2022 RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	13	**1,947**	283,823
Deferred income	29	**2,601,160**	2,781,150
Borrowings	30	**12,520,905**	12,312,127
Deferred tax liabilities	31	**—**	56,364
		15,124,012	15,433,464
Current liabilities			
Contract liabilities	5(e)	**41,411**	3,313,647
Lease liabilities	13	**329,223**	339,261
Trade and other payables	28	**43,011,735**	30,796,181
Borrowings	30	**13,963,178**	13,673,042
Current tax liabilities		**73,760**	1,314,239
Liabilities classified as discontinued operations	33	**—**	119,002,283
		57,419,307	168,438,653
Total liabilities		**72,543,319**	183,872,117
Total deficit and liabilities		**34,850,768**	115,221,255

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

The consolidated financial statements on pages 45 to 51 were approved by the Board of Directors on 27 March 2024 and were signed on its behalf by:

SIU SHAWN
Director

QIN LIYONG
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to owners of the Company						
	Share capital RMB'000 (note 25)	Share premium RMB'000 (note 25)	Reserves RMB'000 (note 27)	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000 (note 32)	Total deficit RMB'000
At 1 January 2023	250,936	27,873,165	2,181,456	(98,906,331)	(68,600,774)	(50,088)	(68,650,862)
Comprehensive loss							
Loss for the year	–	–	–	(11,934,199)	(11,934,199)	(60,911)	(11,995,110)
Other comprehensive loss	–	–	(307,522)	–	(307,522)	–	(307,522)
Total comprehensive loss	–	–	(307,522)	(11,934,199)	(12,241,721)	(60,911)	(12,302,632)
Transactions with owners in their capacity as owners							
Disposal of subsidiaries (note 33)	–	–	43,076,001	–	43,076,001	62,797	43,138,798
Share-based compensation (note 26)	–	–	122,145	–	122,145	–	122,145
Total transactions with owners in their capacity as owners	–	–	43,198,146	–	43,198,146	62,797	43,260,943
Balance at 31 December 2023	250,936	27,873,165	45,072,080	(110,840,530)	(37,644,349)	(48,202)	(37,692,551)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to owners of the Company						
	Share capital RMB'000 (note 25)	Share premium RMB'000 (note 25)	Reserves RMB'000 (note 27)	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000 (note 32)	Total deficit RMB'000
At 1 January 2022	250,936	27,873,165	3,825,320	(71,241,322)	(39,291,901)	(47,081)	(39,338,982)
Comprehensive loss							
Loss for the year	—	—	—	(27,660,362)	(27,660,362)	(3,347)	(27,663,709)
Other comprehensive loss	—	—	(2,139,588)	—	(2,139,588)	—	(2,139,588)
Total comprehensive loss	—	—	(2,139,588)	(27,660,362)	(29,799,950)	(3,347)	(29,803,297)
Transactions with owners in their capacity as owners							
Transfer to statutory reserve	—	—	4,647	(4,647)	—	—	—
Share-based compensation (note 26)	—	—	431,386	—	431,386	—	431,386
Capital injection from non-controlling interests (note 32)	—	—	—	—	—	92,951	92,951
Changes in ownership interests in subsidiaries without change of control (note 32)	—	—	59,691	—	59,691	(92,611)	(32,920)
Total transactions with owners in their capacity as owners	—	—	495,724	(4,647)	491,077	340	491,417
Balance at 31 December 2022	250,936	27,873,165	2,181,456	(98,906,331)	(68,600,774)	(50,088)	(68,650,862)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Cash flows of operating activities			
Cash generated from/(used in) operations	36(a)	**(102,802)**	2,348,829
Interest paid		**(30,700)**	(2,107,069)
Income tax paid		**(117,659)**	(706,819)
Net cash used in operating activities		**(251,161)**	(465,059)
Cash flows of investing activities			
Purchases of property, plant and equipment		**(1,138,291)**	(636,445)
Purchases of intangible assets		**(51,525)**	(1,536,940)
Proceeds from disposal of property, plant and equipment		**702,364**	726,858
Proceeds from investments accounted for using the equity method		**–**	213,321
Purchases of investment in financial assets at fair value through profit and loss		**–**	(20)
Proceeds from disposal of financial assets at fair value through profit and loss		**152,584**	20
Interest received		**4,598**	29,741
Proceeds from disposal of investment properties		**–**	183,300
Proceeds from disposal of intangible assets		**194**	64,329
Net cash outflow on disposal of subsidiaries	33 & 34	**(169,410)**	–
Net cash used in investing activities		**(499,486)**	(955,836)
Cash flows of financing activities			
Proceeds from borrowings		**412,994**	1,041,068
Repayments of borrowings		**(219,008)**	(1,203,150)
Acquisition of interests in subsidiaries without change of control		**–**	(32,580)
Capital injection from non-controlling interests		**–**	92,611
Prepayment of lease payment		**(23,936)**	(217,070)
Net cash from/(used in) financing activities		**170,050**	(319,121)
Net decrease in cash and cash equivalents		**(580,597)**	(1,740,016)
Cash and cash equivalents at the beginning of the financial year		**709,074**	2,452,523
Effect of exchange difference on cash and cash equivalents		**347**	(3,433)
Cash and cash equivalents reclassified as assets held for sale		**–**	(489,133)
Cash and cash equivalents at end of year	21	**128,824**	219,941

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

1 General information

China Evergrande New Energy Vehicle Group Limited (the "Company") is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its parent is China Evergrande Group, an exempted company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange. Its ultimate parent is Xin Xin (BVI) Limited, a company incorporated in the British Virgin Islands. The address of the registered office and principal place of business of the Company is Room 2202, 22/F, YF Life Centre, 38 Gloucester Road, Wanchai, Hong Kong.

The principal activities of the Company and its subsidiaries (together, the "Group") are technology research and development, and production and sales of new energy vehicles in the People's Republic of China (the "PRC") and in other countries (collectively, the "**New Energy Vehicle Segment**"), as well as sales of property and property development in the PRC (collectively, the "**Property Development Segment**").

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

The Company will deliver the consolidated financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company's auditor reported on these financial statements. In the auditor's report, the independent auditor expressed a disclaimer of opinion. The auditor's report did not include a reference to any matters which required the auditor's attention by way of emphasis without qualifying its report; nor did it contain a statement made under sections 406(2), 407(2) or (3) of the Companies Ordinance.

2 Summary of material accounting policies

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

2.1 Basis of preparation

(i) Compliance with HKFRSs and Hong Kong Companies Ordinance (Cap.622) ("HKCO")

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for certain investment properties and financial assets at fair value through profit or loss which are measured at fair value, at the end of each reporting period, as explained in the accounting policies set out below.

2 Summary of material accounting policies (Continued)

2.1 Basis of preparation (Continued)

(iii) Liquidity and going concern

The Group incurred loss of RMB11,995 million (2022: RMB27,664 million) for the year ended 31 December 2023. As at 31 December 2023, the accumulated losses and the shareholders' deficit of the Group amounted to RMB110,841 million (2022: RMB98,906 million) and RMB37,693 million (2022: RMB68,651 million), respectively. Cash and cash equivalents as at 31 December 2023 were RMB129 million (2022: RMB220 million).

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

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

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

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

(ii) The Group is still actively negotiating with various bank, other financial institutions, third parties and related parties to renew its existing borrowings and corporate bonds due to mature within twelve months from 31 December 2023, so that the Group will be able to meet financial obligations as and when they fall due within twelve months from 31 December 2023, provided that strategic investors are introduced (the "**Financing Plan**").

The Directors have reviewed the Group's cash flow projections prepared by the management of the Company. The cash flow projections cover a period of not less than twelve months from 31 December 2023. We are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2023. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

2 Summary of material accounting policies (Continued)

2.1 Basis of preparation (Continued)

(iii) Liquidity and going concern (Continued)

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

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

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

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

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

(iv) New and amended standards adopted by the Group

The Group has applied the following amendments or annual improvements for the first time for their annual reporting period commencing 1 January 2023:

HKFRS 17	Insurance contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies
Amendments to HKAS 8	Definition of accounting estimates
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction
Amendments to HKAS 12	International tax reform — Pillar Two model rules

The group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards or annual improvements.

Except as described below, the application of the new and amended HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2 Summary of material accounting policies (Continued)

2.1 Basis of preparation (Continued)

(iv) New and amended standards adopted by the Group (Continued)

Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not applied early the following new and amendments to HKFRSs that have been issued but are not yet effective:

		Effective date
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2024
	Non-current liabilities with covenants	
Amendments to HKFRS 16	Lease liability in a sale and leaseback	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the Group, no significant impact on the financial performance and position of the Group is expected when these new or revised standards and amendments become effective.

2 Summary of significant accounting policies (Continued)

2.2 Principles of consolidation and equity accounting

2.2.1 Consolidation

(i) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group 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 consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(ii) Business combinations

The Group applies the acquisition method to account for business combinations except for business combinations under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non- controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit and loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit and loss or as a change to other comprehensive loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

2 Summary of significant accounting policies (Continued)

2.2 Principles of consolidation and equity accounting (Continued)

2.2.1 Consolidation (Continued)

(iii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iv) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive loss in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive loss are reclassified to profit and loss.

2.2.2 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive loss is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive loss is recognised in other comprehensive loss with a corresponding adjustment to 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 other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of post-tax loss of associates' in the income statement.

2 Summary of significant accounting policies (Continued)

2.2 Principles of consolidation and equity accounting (Continued)

2.2.2 Associates (Continued)

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Gain or losses on dilution of equity interest in associates are recognised in the income statement.

2.2.3 Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive loss. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive loss of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 Summary of significant accounting policies (Continued)

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

2.5 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each group entities are measured using the currency of the primary economic environment in which the entities operate (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Group's presentation currency. The Company's functional currency is Hong Kong dollar ("HK$").

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of profit or loss and other comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gain and losses that relate to borrowings denominated in foreign currencies are presented in the Consolidated statement of profit or loss and other comprehensive income within "finance costs, net". All other foreign exchange gains and losses are presented in the Consolidated statement of profit or loss and other comprehensive income within "other losses, net".

(iii) Group entities

The results and financial positions of the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position of the group entities are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement of the group entities are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive loss.

2 Summary of significant accounting policies (Continued)

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold improvements	1 to 3 years
Mold	5 to 10 years
Machinery and equipment	3 to 10 years
Furniture, fixtures and office equipment	3 to 5 years
Buildings	10 to 50 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.10).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other losses, net in the Consolidated statement of profit or loss and other comprehensive income.

Assets under construction are stated at historical cost less impairment losses. Historical cost includes expenditure that is directly attributable to the development of the assets which comprises construction costs, amortisation of land use rights, borrowing costs and professional fees incurred during the development period. On completion, the assets are transferred to buildings within property, plant and equipment.

No depreciation is provided for assets under construction. The carrying amount of an asset under construction is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.7 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Properties and land use rights that are currently being constructed or developed for future use as investment properties are classified as investment properties.

Investment property is measured initially at its cost, including related transaction costs.

2 Summary of significant accounting policies (Continued)

2.7 Investment properties (Continued)

After initial recognition, investment property is carried at fair value. Where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed or the date at which fair value becomes reliably measurable. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are recognised in profit or loss during the financial period in which they are incurred.

Changes in fair values of investment property are recognised in profit or loss.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss to the extent the impairment provision previous made.

2.8 Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGUs containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2 Summary of significant accounting policies (Continued)

2.9 Intangible assets

Separately acquired intangible assets are shown at historical cost. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Intangible assets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of intangible assets over their estimated useful lives.

(i) Patent, proprietary technology and franchise right

Purchased patents, proprietary technology and franchise right are initially recorded at actual cost and are amortised on a straight-line basis over their estimated useful lives of 5 to 10 years.

(ii) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives of 2 to 10 years.

(iii) Development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on the Group's proprietary brands project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Research and development intangible assets acquired in an asset acquisition are capitalised if they will have future economic benefits. The price paid reflects expectations about the probability that the future economic benefits of the asset will flow to the entity.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indication of impairment arises during a financial period.

2.10 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested 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. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2 Summary of significant accounting policies (Continued)

2.11 Non-current assets (or disposal groups) held for sale and discontinuing operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and the fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specially exempt from this requirement.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continued to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinuing operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinuing operations are presented separately in the statement of profit or loss.

2.12 Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive loss or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive loss. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive loss ("FVOCI").

2 Summary of significant accounting policies (Continued)

2.12 Investments and other financial assets (Continued)

(i) Classification (Continued)

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other losses together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other losses. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other losses and impairment expenses are presented as separate line item in the statement of profit or loss.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other losses in the period in which it arises.

2 Summary of significant accounting policies (Continued)

2.12 Investments and other financial assets (Continued)

(iii) Measurement (Continued)

(b) Equity investments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive loss, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income, net when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in fair value losses on financial assets at fair value through profit or loss in the Consolidated statement of profit or loss and other comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.13 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of.

- the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments and

- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2 Summary of significant accounting policies (Continued)

2.14 Properties under development

Properties represent the health and living projects, vehicle living projects and property. Properties under development are stated at the lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and anticipated cost to completion.

Development cost of property comprises mainly construction costs, cost of land use rights, borrowing costs, and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets unless those will not be realised in one normal operating cycle.

2.15 Completed properties held for sale

Properties represent the health and living projects. Completed properties remaining unsold at the end of each relevant year are stated at the lower of cost and net realisable value.

Cost comprises development costs attributable to the unsold properties.

Net realisable value is determined by reference to the estimated selling price in the ordinary course of business less applicable estimated selling expenses to make the sales.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.17 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2 Summary of significant accounting policies (Continued)

2.18 Contract liabilities and costs for obtaining contracts

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract acquisition costs if the measure of the remaining rights exceeds the measure of the remaining performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

The Group recognises the incremental costs of obtaining a contract with a customer within contract acquisition costs if the Group expects to recover those costs.

2.19 Cash and cash equivalents

Cash and cash equivalent includes cash in hand and at banks and deposits held at call with banks, other short-term highly liquid investment with original maturities of three months or less.

Bank deposits which are restricted to use are included in “Restricted cash”. Restricted cash are excluded from cash and cash equivalents in the consolidated statement of cash flows.

2.20 Share capital

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.

2.21 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method.

2.22 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid to the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that part or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the respective statement of financial position date.

2 Summary of significant accounting policies (Continued)

2.23 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

2.24 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Consolidated statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised in other comprehensive loss or directly in equity. In this case, the tax is only recognised in other comprehensive loss or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary difference. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax is provided on taxable temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2 Summary of significant accounting policies (Continued)

2.24 Current and deferred income tax (Continued)

(iii) Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the Deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.25 Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Retirement benefits

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated at a percentage of the employees salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payables under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance (the "MPF Scheme") for all employees in Hong Kong, which is a defined contribution retirement scheme. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

(iii) Bonus plans

The Group recognises a liability and an expense for bonus. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2 Summary of significant accounting policies (Continued)

2.25 Employee benefits (Continued)

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2.26 Share-based payments

(i) Equity-settled share-based payment transactions

The Group operates stock options granted to directors and employees, under which the entity receives services from employees as consideration for equity instruments of the Group. Information relating to the stock options plan is set out in note 26.

The fair value of the employee services received in exchange for the grant of options is recognised as an expense on the consolidated financial statements. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);

- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

- including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specific period of time).

Non-marketing performance and services conditions are included in the calculation of the number of the options expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The cash subscribed for the shares issued when the options are exercised is credited to share capital (nominal value) and share premium, net of any directly attributable transaction costs.

(ii) Share-based payment transaction among group entities

The grant by the Company of options over its equity instruments to the employees of subsidiaries in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiaries undertakings, with a corresponding credit to equity in separate financial statements of the Company.

2 Summary of significant accounting policies (Continued)

2.27 Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

2.28 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for sale of health and living projects, properties, lithium batteries and vehicles and vehicle components and render of services, stated net of discounts and returns, if any. The Group recognises revenue when control of the products has been transferred, the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(i) Sales of health and living projects, property, lithium batteries, vehicles and vehicle components

Revenues are recognised when or as the control of the asset is transferred to the purchaser. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- Provides all of the benefits received and consumed simultaneously by the purchaser;
- Creates and enhances an asset that the purchaser controls as the Group performs;
- Do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the purchaser obtains control of the asset.

2 Summary of significant accounting policies (Continued)

2.28 Revenue recognition (Continued)

(i) Sales of health and living projects, property, lithium batteries, vehicles and vehicle components (Continued)

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

For lithium batteries, vehicles and vehicle components, which the control of the products is transferred at a point in time, revenue is recognised when the purchaser obtains the physical possession or the legal title of the products and the Group has present right to payment and the collection of the consideration is probable.

For health and living projects sales contract for which the control of the property is transferred at a point in time, revenue is recognised upon acceptance of the property for the customer or when the property is deemed to be accepted by the customer under a sale contract with a certificate of completion of construction or when the property inventory has been delivered to property owners for use and the Group has a present right to receive payment and may receive consideration.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

(ii) Income from medical cosmetology and health management and provision of technical services

Income from medical cosmetology and health management and provision of technical services are recognised when the services have been rendered to customers. The period of these services rendered is usually within a day.

(iii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

2.29 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

The profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

2 Summary of significant accounting policies (Continued)

2.29 Earnings per share (Continued)

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.30 Leases

(i) The Group is the lessee

The Group leases various properties, including warehouses, car parks, retail stores and apartments, as well as various equipment and vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security of borrowing purpose.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable

- variable lease payment that are based on an index or a rate

- amounts expected to be payable by the lessee under residual value guarantees

- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and

- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the lessee's incremental borrowing rate.

2 Summary of significant accounting policies (Continued)

2.30 Leases (Continued)

(i) The Group is the lessee (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(ii) The Group is the lessor

A lessor shall classify each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. For a finance lease, the lessor recognises a receivable at an amount equal to the net investment in the lease which is the present value of the aggregate of lease payments receivable by the lessor and any unguaranteed residual value. If a contract is classified as an operating lease, the lessor continues to present the underlying assets.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the terms of the relevant lease. Initial direct costs with more than a significant amount are capitalised when incurred and are recognised in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred.

2.31 Dividend distribution

Dividend distribution to the equity holders of the Company is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the equity holders or the board of directors, where applicable.

2.32 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants are deducted in reporting the related expenses, when appropriate.

Government grants relating to property, plant and equipment and intangible assets are charged against carrying amount of related assets or recognised as deferred income. If it is recognised as deferred income, it will credit to the relevant assets when it is ready for use and included in profit or loss over the useful life of related assets.

3 Financial risk management

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group's major financial instruments include cash and bank deposits, financial assets at fair value through profit or loss, trade and other receivables, trade and other payables and borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Group manages and monitors these exposure to ensure appropriate measures are implemented on a timely and effective manner.

(i) Foreign exchange risk

The Group mainly operates in the PRC and Hong Kong and is exposed to foreign exchange risk arising from cash and cash equivalents, bank borrowings, loans from holding company and other recognised assets and liabilities that are denominated in currencies other than the functional currency of the relevant entities. The revenue, expenses and borrowings of the foreign operations are denominated in functional currencies of those operations. The Group does not have a foreign currency hedging policy and has not entered into forward exchange contract to hedge its exposure to foreign exchange risk. However, the directors monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

	31 December 2023 RMB'000	31 December 2022 RMB'000
5% appreciation in RMB against US dollar (US$)	**(560,994)**	(684,097)
5% depreciation in RMB against US$	**560,994**	684,097
5% appreciation in RMB against Eurodollar (EUR)	**35,952**	(15,574)
5% depreciation in RMB against EUR	**(35,952)**	15,574

(ii) Interest rate risk

The Group's interest rate risk arises from borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk.

As at 31 December 2023, if interest rate on borrowings had been 100 basis point higher/lower with all variables held constant, post-tax loss for the year ended 31 December 2023 would decrease/increase by approximately RMB3,964,000 (2022: decrease/increase by approximately RMB2,871,000).

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iii) Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables, restricted cash and cash deposits with banks. The carrying amounts of trade and other receivables, restricted cash, cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

For trade and other receivables, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

For credit exposures to customers, credit terms are granted to customers upon obtaining approval from the Company's senior management after assessing the credit history of those customers. The Group closely monitors the collection of progress payments from customers in accordance with payment schedule agreed with customers. The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments.

Meanwhile, the Group has the right to cancel the contracts once repayment from the customers is in default; it also has monitoring procedures to ensure that follow-up actions are taken to recover overdue balances. In addition, the Group regularly reviews the recoverable amount of each individual trade and other receivables to ensure that adequate impairment provisions are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a number of counterparties and customers.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iii) Credit risk (Continued)

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iii) Credit risk (Continued)

For other receivables, the Group adopted a "three-stage" model for impairment based on changes in credit quality since initial recognition as summarised below:

Category	Group definition of category	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime (Stage 1)
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 90 days past due	Lifetime expected losses (Stage 2)
Non-performing (credit impaired)	Interest and/or principal repayments are 365 days past due or it becomes probable a customer will enter bankruptcy	Lifetime expected losses (Stage 3)
Write-off	There is no reasonable expectation of recovery	Asset is written off

Trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and aging. The expected credit losses also incorporate forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has considered to identify money supply and change in gross domestic product in the PRC as the most relevant factors for forward looking adjustments for customers, and accordingly adjust the historical loss rates based on expected changes in these factors.

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iii) Credit risk (Continued)

Trade receivables (Continued)

As of 31 December 2023 and 2022, the loss allowance provision for the trade receivables was determined as follows, the expected credit losses below also incorporated forward looking information.

	Within 90 days	Over 91 days and within 180 days	181 days and within 365 days	Over 365 days	Total
At 31 December 2023					
Expected loss rate	**4.92%**	**4.92%**	**4.92%**	**83.33%**	
Gross carrying amount (RMB'000)	**22,205**	**2,467**	**8,921**	**48,323**	**81,916**
Loss allowance provision (RMB'000)	**1,092**	**121**	**439**	**40,267**	**41,919**

	Within 90 days	Over 91 days and within 180 days	181 days and within 365 days	Over 365 days	Total
At 31 December 2022					
Expected loss rate	6.36%	6.36%	6.36%	100.00%	
Gross carrying amount (RMB'000)	60,078	2,116	4,825	35,759	102,778
Loss allowance provision (RMB'000)	3,819	135	307	35,759	40,020

Other receivables

Other receivables have been assessed for impairment on a collective basis based on different credit risk characteristics. Other receivables are categorised as follows for assessment purpose:

Group 1 Other receivables due from related parties and deposits for acquisition of land use rights
Group 2 Other deposits except the deposits for acquisition of land use rights
Group 3 Others

Management considered amounts due from related parties in nature to be low credit risk as the counterparties have a low risk of default and are able to meet their contractual cash flow obligations or related liabilities to offset in the near term. The Group has assessed that the expected credit losses deposits for acquisition of land use rights are not significant which is on Stage 1 and use 12 months ECL method.

The Group has assessed that Group 2 and Group 3 is on Stage 2 and use lifetime expected losses method, except for the credit-impaired prepayment which moved to stage 3.

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iii) Credit risk (Continued)

As of 31 December 2022 and 2023, the gross carrying amount and loss allowance of other receivables in categories are as follows:

	Stage 1		Stage 2		Stage 3	
	Gross carrying amount RMB'000	Loss allowance RMB'000	Gross carrying amount RMB'000	Loss allowance RMB'000	Gross carrying amount RMB'000	Loss allowance RMB'000
As of 31 December 2023						
Group 1	**16,953,802**	**(169,956)**	**—**	**—**	**—**	**—**
Group 2	**—**	**—**	**64,531**	**(49,679)**	**73,093**	**(73,093)**
Group 3	**—**	**—**	**1,445,764**	**(157,156)**	**842,280**	**(842,280)**
Total	**16,953,802**	**(169,956)**	**1,510,295**	**(206,835)**	**915,373**	**(915,373)**
As of 31 December 2022						
Group 1	909,946	(910)	—	—	1,431,806	(58,777)
Group 2	2,634	(26)	—	—	503,759	(26,820)
Group 3	230,921	(11,403)	—	—	1,579,142	(485,369)
Total	1,143,501	(12,339)	—	—	3,514,707	(570,966)

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iii) Credit risk (Continued)

The loss allowance for trade receivables and other receivables as at 31 December reconciles to the opening loss allowance as follows:

	Trade receivables RMB'000	Other receivables RMB'000	Total RMB'000
Balance as at 1 January 2022	162,878	1,038,447	1,201,325
Reclassification to discontinuing operation held for sale	(130,820)	(431,903)	(562,723)
Provision for loss allowance recognised in profit or loss	74,038	5,650	79,688
Receivable written off during the year as uncollectible	(66,076)	(28,889)	(94,965)
Balance as at 31 December 2022	40,020	583,305	623,325
Provision for loss allowance recognised in profit or loss	**3,525**	**926,176**	**929,701**
Receivable written off during the year as uncollectible	**(1,626)**	**(217,317)**	**(218,943)**
Balance as at 31 December 2023	**41,919**	**1,292,164**	**1,334,083**

(iv) Liquidity risk

The Group is exposed to liquidity risk as the Group had net current liabilities and net liabilities of approximately RMB38,077,152,000 and RMB37,692,551,000 respectively. The liquidity of the Group primarily depends on the Business and Operation Restructuring Plan and Financing Plan being available and the ability of the Group to meet its financial obligations as they fall due. Details of which are set out in note 2.1 to the consolidated financial statements.

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iv) Liquidity risk (Continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year or on demand RMB'000	Between 1 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2023				
Borrowings including accrued interests	**20,441,055**	**14,060,462**	**—**	**34,501,517**
Lease liabilities	**340,380**	**2,122**	**—**	**342,502**
Trade and other payables*	**35,696,049**	**—**	**—**	**35,696,049**
Total	**56,477,484**	**14,062,584**	**—**	**70,540,068**
At 31 December 2022				
Borrowings including accrued interests	14,954,377	14,813,680	—	29,768,057
Lease liabilities	365,207	383,745	51,593	800,545
Trade and other payables*	26,638,384	—	—	26,638,384
Total	41,957,968	15,197,425	51,593	57,206,986

* Excluding payroll payable, other taxes payable, interest payable and provisions.

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as the sum of borrowings (including current and non-current borrowings and lease liabilities as shown in the Consolidated statement of financial position) divided by total assets.

3 Financial risk management (Continued)

(b) Capital risk management (Continued)

The gearing ratios at 31 December 2023 and 2022 were as follows:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Total borrowings and lease liabilities (notes 13 and 30)	**26,815,253**	26,608,253
Total assets	**34,850,768**	115,221,255
Gearing ratio	**76.94%**	23.09%

(c) Fair value estimation

Financial assets and liabilities

(i) Fair value hierarchy and using significant unobservable inputs measurements

	31 December 2023 RMB'000	31 December 2022 RMB'000	Valuation techniques and key inputs	Significant unobservable input(s)
Level 1				
Financial assets at FVTPL — Listed equity securities	**746**	134,300	Quoted bid prices in an active market	N/A
Level 3				
Financial assets at FVTPL — Other unlisted shares	**162,289**	259,321	Discounted cash flow valuation method/ Comparable company analysis	the higher discount rate, the lower the fair value.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There was no transfer between level 1 and 3 in both periods.

3 Financial risk management (Continued)

(c) Fair value estimation (Continued)

Financial assets and liabilities (Continued)

(i) Fair value hierarchy and using significant unobservable inputs measurements (Continued)

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2023.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted marked price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The finance department of the Group includes a team that performs the valuations of level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case by case basis. At least once every year, the team would use valuation methodologies to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices for similar instruments.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

(iii) Reconciliation of Level 3 fair value measurements of financial assets

Financial assets at FVTPL — Other unlisted shares

	31 December 2023 RMB'000	31 December 2022 RMB'000
Balance as at 1 January	**259,321**	501,493
Additions	**—**	20
Disposal	**(97,136)**	(20)
Fair value losses	**7**	(169,374)
Exchange differences	**97**	(72,798)
Balance as at 31 December	**162,289**	259,321

4 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Assessment of net realisable value of properties under development

The Group assesses the carrying amounts of properties under development according to their recoverable amounts based on the realisability of these properties, taking into account estimated costs to completion based on past experience and committed construction contracts and estimated net sales value based on prevailing market conditions. Write-down is made when the net realisable value is lower than the carrying amount. The assessment requires the use of judgement and estimates.

(b) Impairment assessment on property, plant and equipments, right-of-use assets and intangible assets

Property, plant and equipments, right-of-use assets and intangible assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

(c) Expected credit losses on receivables

The Group makes allowances on receivables based on assumptions about risk of default and expected loss rates. The Group used judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and doubtful debt expenses in the periods in which such estimate has been changed.

4 Critical accounting judgements and key sources of estimation uncertainty (Continued)

(d) Fair value of financial asset at fair value through profit or loss

The Group assesses the fair value of its financial asset at fair value through profit or loss by reference to valuation performed by the independent and professional qualified valuer. Discounted cash flow, market approach and Binomial Lattice Model approach are used for valuation of the fair value of financial asset at fair value through profit or loss and it is dependent on certain key assumptions that required significant management judgement. These include WACC, revenue growth rate, and volatility. Detailed disclosure of the valuation of financial asset at fair value through profit or loss is made in note 3(c) and note 23.

The change of the aforesaid key assumptions may lead to significant difference of the fair value estimation of financial asset at fair value through profit or loss.

(e) PRC corporate income taxes and deferred taxation

The Company's subsidiaries that operate in the PRC are subject to income tax in the PRC. Management judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

5 Segment information

The chief operating decision-maker ("CODM") of the Group has been identified as the executive directors of the Company who are responsible for reviewing the Group's internal reporting in order to assess the performance and allocate resources. Management has determined the operating segments based on these reports.

In the current year, the Group recognised its internal reporting structure which resulted in changes to the composition of its reportable segment. An operating segment regarding the Health Management (the "Disposal Group") was discontinued in the current year. Details are set out in note 33. The remaining continuing operating of the Group was reclassified as New Energy Vehicle and Property Development segment. The detail of three segment as follow:

Health Management:	"Internet+" community health management, international hospitals, elderly care and rehabilitation, medical cosmetology, anti-ageing and sales of health and living projects in the PRC.
New Energy Vehicle:	Technology research and development, production and sales of new energy vehicles, development and sales of vehicle living projects in the PRC and in other countries.
Property Development:	Sales of property and property development in the PRC.

5 Segment information (Continued)

Management has identified the reportable segments based on the Group's business model and assesses the performance of the operating segments based on profit before tax. Corporate expenses and income tax expense are not included in segment results.

(a) Revenue by type

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

	2023 RMB'000	2022 RMB'000
Continuing operations		
New Energy Vehicle		
Sales of lithium batteries (i)	—	9,613
Provision of technical services (ii)	37,256	40,916
Sales of vehicles and vehicle components (i)	146,322	60,627
Other	20,202	22,855
	203,780	134,011
Property Development		
Sales of property (i)	1,136,368	—
	1,136,368	—
	1,340,148	134,011
Discontinued operations		
Health Management		
Sales of health and living projects (i)	3,193,592	3,675,956
Income from medical cosmetology and health management	—	12,576
Rental income	1,514	247
	3,195,106	3,688,779
	4,535,254	3,822,790

5 Segment information (Continued)

(a) Revenue by type (Continued)

(i) Revenue generated from the sales of health and living projects and sales of property is recognised at the point in time when the property is deemed to be accepted by the customer under a sale contract with a certificate of completion of construction or when the property inventory has been delivered to property owners for use. Revenue from lithium batteries, vehicles and vehicle components is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the assets.

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

(b) Geographical information

The Group's revenue from external customers based on the location where the sales occurred and information about its non-current assets (excluding deferred tax assets) by geographical location of the assets are detailed below:

Continuing operations

	Revenue from external customers		Non-current assets	
	2023 RMB'000	2022 RMB'000	**2023 RMB'000**	2022 RMB'000
— PRC	**1,285,595**	71,173	**14,882,620**	21,663,175
— Europe	**54,553**	59,557	**625,915**	701,834
— Others	**—**	3,281	**—**	22,610
	1,340,148	134,011	**15,508,535**	22,387,619

Discontinued operation

	Revenue from external customers		Non-current assets	
	2023 RMB'000	2022 RMB'000	**2023 RMB'000**	2022 RMB'000
— PRC	**3,195,106**	3,688,779	**—**	1,283,265
— Europe	**—**	—	**—**	—
— Others	**—**	—	**—**	—
	3,195,106	3,688,779	**—**	1,283,265

5 Segment information (Continued)

(c) Segment revenue and results

The segment results and other segment items provided to the CODM for the year ended 31 December 2023 and 2022 are as follows:

Year ended 31 December 2023

	Continuing operations		Discontinued operations	
	New Energy Vehicle RMB'000	Property Development RMB'000	Health Management RMB'000	Total RMB'000
Revenue from contracts with customers	203,780	1,136,368	3,193,592	4,533,740
Revenue from other sources	—	—	1,514	1,514
Segment revenue from external customers	203,780	1,136,368	3,195,106	4,535,254
Finance costs, net (i)	(1,916,744)	70	(430,228)	(2,346,902)
Fair value losses on financial assets at fair value through profit or loss	(73,079)	—	—	(73,079)
Fair value losses on investment properties	—	—	(9,660)	(9,660)
Depreciation and amortisation recognised in expenses	1,114,451	13	18,215	1,132,679
Segment results	(11,271,921)	320,003	(840,633)	(11,792,551)
Loss/profit before income tax	(11,271,921)	320,003	(840,633)	(11,792,551)
Income tax credit/(expense)	45,024	(27,287)	(220,296)	(202,559)
Loss for the year				(11,995,110)

5 Segment information (Continued)

(c) Segment revenue and results (Continued)

Year ended 31 December 2022 (Represented)

	Continuing operations		Discontinued operations	
	New Energy Vehicle RMB'000	Property Development RMB'000	Health Management RMB'000	Total RMB'000
Revenue from contracts with customers	134,011	—	3,688,532	3,822,543
Revenue from other sources	—	—	247	247
Segment revenue from external customers	134,011	—	3,688,779	3,822,790
Finance costs, net (i)	(1,223,109)	299	(922,649)	(2,145,459)
Share of losses of investments accounted for using the equity method	—	—	(18,925)	(18,925)
Fair value losses on financial assets at fair value through profit or loss	(2,419,707)	—	—	(2,419,707)
Fair value losses on investment properties	—	—	(6,180)	(6,180)
Depreciation and amortisation recognised in expenses	1,117,318	14	71,742	1,189,074
Segment results	(15,783,595)	(390)	(11,191,182)	(26,975,167)
Loss before income tax	(15,783,595)	(390)	(11,191,182)	(26,975,167)
Income tax credit/(expense)	931,048	—	(1,619,590)	(688,542)
Loss for the year				(27,663,709)

(i) The finance costs of New Energy Vehicle Segment included interest expense of RMB1,012 million (2022: RMB967 million), arising from the borrowings from shareholder.

5 Segment information (Continued)

(d) Segment assets and liabilities

The segment assets and liabilities as at 31 December 2023 and 31 December 2022 are as follows:

	Continuing operations		Discontinued operations		
	New Energy Vehicle	Property Development	Health Management	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2023					
Segment assets	**34,370,152**	**480,538**	**—**	**78**	**34,850,768**
Segment liabilities	**71,829,978**	**639,581**	**—**	**73,760**	**72,543,319**
Capital expenditure	**1,211,782**	**—**	**—**	**—**	**1,211,782**
As at 31 December 2022 (Represented)					
Segment assets	29,097,132	1,288,633	84,826,534	8,956	115,221,255
Segment liabilities	62,229,837	1,269,394	119,002,283	1,370,603	183,872,117
Capital expenditure	5,897,818	—	897,434,216	—	903,332,034

Segment assets consist primarily of property, plant and equipment, intangible assets, right-of-use assets, properties under development, inventories, investments accounted for using the equity method and receivables, prepayments, cash balances and financial assets at fair value through profit or loss. They exclude deferred tax assets.

Segment liabilities consist of operating liabilities and borrowings. Unallocated liabilities comprise taxation.

Capital expenditure comprises additions to property, plant and equipment, right-of-use assets and intangible assets.

5 Segment information (Continued)

(e) Assets and liabilities related to contracts with customers

The Group has recognised the following revenue-related contract liabilities:

	31 December 2023 RMB'000	31 December 2022 RMB'000
(Re-presented)		
Sales of Property	**34,851**	3,304,037
Others	**6,560**	9,610
	41,411	3,313,647

(i) The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from sales of property.

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting year relates to carried-forward contract liabilities.

Revenue recognised that was included in the balance of contract liabilities at the beginning of the year.

	31 December 2023 RMB'000	31 December 2022 RMB'000
Continuing operations		
Sales of Property	**1,133,630**	—
Discontinued operations		
Sales of health and living projects	**3,124,322**	3,677,862
	4,257,952	3,677,862

6 Expense by nature

	2023 RMB'000	2022 RMB'000
Continuing operations		
Cost of sale property	**1,025,131**	—
Employee benefit expenses (including directors' emoluments) (note 7)	**669,307**	1,017,773
Employee benefit expenditure (including directors' emoluments)	**680,054**	1,277,788
Less: capitalised in properties under development, construction in progress and intangible assets	**(10,747)**	(260,015)
Research and development expenses	**336,196**	398,075
Amortisation of intangible assets (note 15)	**507,800**	701,802
Depreciation of property, plant and equipment (note 12)	**354,100**	348,409
Depreciation of right-of-use assets (note 13)	**220,461**	67,121
Professional fees	**87,637**	47,273
Changes in inventories of finished goods and work in progress	**41,702**	43,112
Operating lease rentals for rented premises and machineries	**21,533**	63,794
Raw materials and consumables used	**94,362**	17,771
Legal expenses	**12,364**	10,727
Auditor's remunerations	**3,900**	5,660

7 Employee benefit expenses — including directors emoluments

	2023 RMB'000	2022 RMB'000
Continuing operations		
Wages and salaries	**491,003**	487,540
Pension cost — defined contribution plans	**56,159**	98,847
Employee share option schemes (note 26(b))	**122,145**	431,386
	669,307	1,017,773

8 Other losses, net

	2023 RMB'000	2022 RMB'000
Continuing operations		
Government grants	—	800
Exchange gains/(losses)	373,849	(83,612)
Overdue fine, liquidated or litigation damages	(907,486)	(156,158)
Gain/(Loss) on disposal of property, plant and equipment	490,663	(381,365)
Loss on disposal of subsidiaries, net (note 34)	(287,153)	—
Others	(115,898)	(558,593)
	(446,025)	(1,178,928)

9 Finance costs, net

	2023 RMB'000	2022 RMB'000
Continuing operations		
Finance income		
— Bank interest income	4,598	8,112
Finance costs		
— Interest expense on bank and other borrowings	(856,831)	(197,860)
— Interest expense on shareholders borrowings	(1,011,708)	(967,213)
— Interest expense on lease liabilities	(55,034)	(65,849)
— Less: interest capitalised	2,301	—
	(1,921,272)	(1,230,922)
Finance costs, net	(1,916,674)	(1,222,810)

10 Income tax credit

The amount of income tax credit to the consolidated statements of profit or loss and other comprehensive income represents:

	2023 RMB'000	2022 RMB'000
Current income tax:		
PRC corporate income tax	**29,749**	63,500
PRC land appreciation tax	**—**	(54,702)
	29,749	8,798
Deferred income tax:		
PRC corporate income tax	**(47,486)**	(939,846)
	(17,737)	(931,048)

The income tax credit for the year can be reconciled to the loss before income tax per the consolidated statements of profit or loss and other comprehensive income as follow:

	2023 RMB'000	2022 RMB'000
Loss before income tax	**(10,951,918)**	(15,783,985)
Calculated at PRC corporate income tax rate	**(2,737,980)**	(3,945,996)
Income not subject to tax	**(81,549)**	(9,024)
Expenses not deductible for tax purposes	**1,647**	—
Tax losses for which no deferred tax asset was recognised	**2,155,620**	2,196,155
Effect of different tax rates of subsidiaries	**644,525**	882,519
PRC land appreciation tax	**—**	(54,702)
	(17,737)	(931,048)

10 Income tax credit (Continued)

Hong Kong profits tax

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 December 2023 (2022: 16.5%). Hong Kong profits tax has not been provided for as the Group did not have any assessable profits during the year ended 31 December 2023 (2022: nil).

PRC corporate income tax

PRC corporate income tax is calculated at 25% of the estimated assessable profit for the year ended 31 December 2023 (2022: 25%). The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate of 25% on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

For subsidiaries which meet the inclusive tax reduction policy for small and micro enterprises, according to the existing policy of the PRC, they are entitled to enjoy a preferential corporate income tax rate and of the income tax provision of in respect of operations in the PRC of 20%.

For the subsidiaries which obtained the Certificate of High-Tech Corporation, according to the Corporation Income Tax Law of the PRC, they are entitled to enjoy a preferential corporate income tax rate and of the income tax provision of in respect of operations in the PRC of 15%.

PRC land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible including land use rights and all property development expenditures.

11 Loss per share

(a) Basic

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

	2023	2022
Loss attributable to shareholders of the Company (RMB'000)		
— From continuing operations	**(10,873,270)**	(14,849,590)
— From discontinued operations	**(1,060,929)**	(12,810,772)
Weighted average number of ordinary shares for the purpose of basic loss per share (in thousands)	**10,843,793**	10,843,793
Basic loss per share (RMB cents per share)		
— From continuing operations	**(100.272)**	(136.941)
— From discontinued operations	**(9.784)**	(118.139)
	(110.056)	(255.080)

11 Loss per share (Continued)

(b) Diluted

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

	2023	2022
Loss attributable to shareholders of the Company (RMB'000)		
— From continuing operations	**(10,873,270)**	(14,849,590)
— From discontinued operations	**(1,060,929)**	(12,810,772)
Weighted average number of ordinary shares for the purpose of basic loss per share (in thousands)	**10,843,793**	10,843,793
Adjustments for share options (i)	**—**	—
Weighted average number of ordinary shares for diluted loss per share (in thousands)	**10,843,793**	10,843,793
Diluted loss per share (RMB cents per share)		
— From continuing operations	**(100.272)**	(136.941)
— From discontinued operations	**(9.784)**	(118.139)
	(110.056)	(255.080)

(i) The 221,515,000 options (2022: 388,600,000 options) granted and remained unexercised are not included in the calculation of diluted loss per share because they are antidilutive for the year ended 31 December 2023. These options could potentially dilute basic loss per share in the future.

12 Property, plant and equipment

	Buildings RMB'000	Leasehold improvements RMB'000	Machinery and equipment RMB'000	Mold RMB'000	Furniture, fixtures and office equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2023							
Cost	3,462,580	175,503	1,254,362	86,594	323,033	17,828,719	23,130,791
Accumulated depreciation and impairment	(2,991,883)	(175,301)	(544,299)	(40,524)	(81,035)	(6,856,780)	(10,689,822)
Net book amount	470,697	202	710,063	46,070	241,998	10,971,939	12,440,969
Opening net book amount	597,201	137,460	750,008	175,495	272,676	12,604,060	14,536,900
Exchange differences	73,723	–	3,823	–	124	–	77,670
Additions	–	1,576	12,242	–	28,452	1,117,987	1,160,257
Transfer from construction in progress/transfer to property, plant and equipment	–	–	241,672	–	1,607	(243,279)	–
Disposals	–	(407)	(5,967)	(26,048)	(7,999)	(133,765)	(174,186)
Disposal of subsidiaries (note 34)	(88,044)	(12,033)	(22,753)	–	(2,200)	(1,237,441)	(1,362,471)
Depreciation	(112,183)	(12,189)	(140,751)	(38,659)	(50,318)	–	(354,100)
Impairment	–	(114,205)	(128,211)	(64,718)	(344)	(1,135,623)	(1,443,101)
Closing net book amount	470,697	202	710,063	46,070	241,998	10,971,939	12,440,969

12 Property, plant and equipment (Continued)

	Buildings RMB'000	Leasehold improvements RMB'000	Machinery and equipment RMB'000	Mold RMB'000	Furniture, fixtures and office equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2022							
Cost	3,449,460	186,368	1,176,875	212,642	441,985	18,335,061	23,802,391
Accumulated depreciation and impairment	(2,852,259)	(48,908)	(426,867)	(37,147)	(169,309)	(5,731,001)	(9,265,491)
Net book amount	597,201	137,460	750,008	175,495	272,676	12,604,060	14,536,900
Opening net book amount	2,918,850	201,845	893,182	374,660	193,786	16,406,656	20,988,979
Exchange differences	26,128	–	4,088	–	2,444	–	32,660
Additions	378	28,221	45,220	280	199,486	922,040	1,195,625
Transfer from construction in progress/transfer to property, plant and equipment	422,056	–	264,684	625	14,504	(701,869)	–
Government grants (note 29)	–	–	(30,000)	–	–	–	(30,000)
Disposals	(832,524)	(40,476)	(111,862)	(95,267)	(28,049)	–	(1,108,178)
Depreciation	(154,635)	(27,630)	(95,146)	(40,703)	(78,027)	–	(396,141)
Impairment	(1,502,567)	–	(207,188)	(63,936)	(37)	(3,681,186)	(5,454,914)
Reclassified as held for sale (note 33)	(280,485)	(24,500)	(12,970)	(164)	(31,431)	(341,581)	(691,131)
Closing net book amount	597,201	137,460	750,008	175,495	272,676	12,604,060	14,536,900

Depreciation charge of the Group was included in the following categories:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Continuing operations		
Cost of sales	**16,791**	57,877
Selling and marketing costs	**9,214**	7,669
Administrative expenses	**328,095**	282,863
	354,100	348,409

As at 31 December 2023, the Group pledged net book values of approximately RMB642,597,000 (2022: RMB1,839,380,000) for property, plant and equipment and RMB2,566,105,000 (2022: RMB1,803,875,000) for construction in progress to secure the borrowings of RMB2,734,528,000 (2022: RMB2,740,000,000) .

Particulars regarding impairment assessment on property, plant and equipment are disclosed in Note 35.

13 Leases

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Right-of-use assets		
Land use rights	**1,972,115**	2,337,681
Buildings	**4,466**	303,017
Machinery and equipment	**47,898**	271,980
Furniture, fixtures and office equipment	**—**	8,434
	2,024,479	2,921,112
Lease liabilities		
Current	**329,223**	339,261
Non-current	**1,947**	283,823
	331,170	623,084

There is no addition to the right-of-use assets during the year (2022: RMB114,434,000).

As at 31 December 2023, the Group pledged net book values of approximately RMB1,350,767,000 (2022: RMB2,010,154,000) of land-use rights to secure the borrowings of RMB2,162,111,000 (2022: RMB2,478,106,000).

13 Leases (Continued)

(ii) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

The statement of consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Continuing operations		
Depreciation charge of right-of-use assets		
Land use rights	**67,337**	104,667
Buildings	**4,906**	40,978
Machinery and equipment	**215,556**	24,670
Furniture, fixtures and office equipment	**—**	1,473
	287,799	171,788
Less: capitalised in construction in progress	**(67,338)**	(104,667)
Depreciation charges recognised in profit or loss	**220,461**	67,121
Impairment loss on right-of-use assets	**18,978**	2,482
Interest expense (included in finance costs) (note 9)	**55,034**	65,849
Expense relating to short-term leases and variable leases payments (included in costs of sales, selling and marketing costs and administrative expenses)	**21,533**	63,794
Total cash outflow for leases	**78,970**	268,583

13 Leases (Continued)

(iii) The Group's leasing activities and how these are accounted for

The Group leases various offices, warehouses, retail stores, equipment and vehicles. Rental contracts are typically made for fixed periods of 1 year to 10 years, but may have extension options as described in (iv) below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(iv) Extension and termination options

Extension and termination options are included in a number of buildings, equipment, furniture, fixtures and office equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

(v) Impairment loss

Particulars regarding impairment assessment on right-of-use assets are disclosed in Note 35.

14 Investment properties

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Completed investment properties		
Opening net book amount	**–**	614,670
Disposal	**–**	(183,300)
Fair value losses on investment properties	**–**	(6,180)
Reclassified as held for sale (note 33)	**–**	(425,190)
Closing net book amount	**–**	–

15 Intangible assets

	Intangible assets			
	Computer software RMB'000	Development costs RMB'000	Patent, proprietary technology and franchise rights RMB'000	Total RMB'000
Year ended 31 December 2023				
Cost	**393,874**	**5,528,413**	**4,945,569**	**10,867,856**
Accumulated amortisation and impairment	**(262,140)**	**(4,913,834)**	**(4,905,047)**	**(10,081,021)**
Net book amount	**131,734**	**614,579**	**40,522**	**786,835**
Opening net book amount	**124,403**	**4,204,355**	**149,102**	**4,477,860**
Currency differences	**—**	**146,664**	**—**	**146,664**
Additions	**51,525**	**—**	**—**	**51,525**
Disposals	**(195)**	**—**	**—**	**(195)**
Amortisations	**(31,498)**	**(399,825)**	**(108,580)**	**(539,903)**
Impairment losses (i)	**(12,406)**	**(3,336,615)**	**—**	**(3,349,021)**
Disposal of subsidiaries (note 34)	**(95)**	**—**	**—**	**(95)**
Closing book amount	**131,734**	**614,579**	**40,522**	**786,835**
Year ended 31 December 2022				
Cost	345,221	7,764,842	5,078,751	13,188,814
Accumulated amortisation and impairment	(220,818)	(3,560,487)	(4,929,649)	(8,710,954)
Net book amount	124,403	4,204,355	149,102	4,477,860
Opening net book amount	11,822	4,567,674	1,944,607	6,524,103
Currency differences	(6)	(575)	—	(581)
Additions	142,790	752,807	696,188	1,591,785
Disposals	(3,131)	—	(61,198)	(64,329)
Amortisations	(23,110)	(100,175)	(637,190)	(760,475)
Impairment losses (i)	—	(1,015,376)	(1,792,687)	(2,808,063)
Reclassified as held for sale (note 33)	(3,962)	—	(618)	(4,580)
Closing book amount	124,403	4,204,355	149,102	4,477,860

15 Intangible assets (Continued)

(i) Impairment loss

Particulars regarding impairment assessment on intangible assets are disclosed in Note 35.

(ii) Amortisation charge of the Group was included in the following categories:

	2023 RMB'000	2022 RMB'000
Continuing operations		
Cost of sales	**94,142**	40,639
Selling and marketing costs	**547**	16
Administrative expenses	**413,111**	661,147
Research and development expense	**32,103**	54,845
	539,903	756,647

16 Trade and other receivables and Prepaid taxes

	31 December 2023 RMB'000	31 December 2022 RMB'000
Trade receivables (i)	**39,997**	62,758
Other receivables (ii)	**18,087,306**	4,074,903
Prepaid taxes	**543,978**	460,561
	18,671,281	4,598,222

16 Trade and other receivables and Prepaid taxes (Continued)

(i) Trade receivables

	31 December 2023 RMB'000	31 December 2022 RMB'000
Trade receivables — third parties	**81,916**	102,778
Less: allowance provision for impairment	**(41,919)**	(40,020)
	39,997	62,758

(a) Trade receivables mainly arose from the sales of vehicles and vehicle components. Proceeds in respect of sales of vehicles and vehicle components are to be received in accordance with the terms of the related sales and purchase agreements. The ageing analysis of trade receivables based on the revenue recognition date as at the respective statement of financial position dates is as follows:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Within 90 days	**22,205**	60,078
91 days and within 180 days	**2,467**	2,116
181 days and within 365 days	**8,921**	4,825
Over 365 days	**48,323**	35,759
	81,916	102,778

(b) The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2023, a provision of RMB41,919,000 (2022: RMB40,020,000) was made against the gross amounts of trade receivables.

(c) The Group's trade receivables are mainly denominated in RMB.

16 Trade and other receivables and Prepaid taxes (Continued)

(ii) Other receivable

	31 December 2023 RMB'000	31 December 2022 RMB'000
Other receivables		
— third parties	**2,473,596**	2,488,544
— related parties	**16,905,874**	2,169,664
	19,379,470	4,658,208
Less: allowance provision for impairment	**(1,292,164)**	(583,305)
	18,087,306	4,074,903

(a) The carrying amounts of other receivables approximate their fair values. The maximum exposure to credit risk of the other receivables at the reporting date was the carrying value of each class of receivables.

(b) The Group's other receivables are mainly denominated in RMB.

(c) Amounts due from related parties mainly represented the amounts due from fellow subsidiaries which are non-trade nature, unsecured, interest free and have no specific repayment terms. During the year ended 31 December 2023, the Group has disposed the discontinued operation to its holding company. Subsequently, funds transferred to inter-companies in prior years had been recognised as amounts due from fellow subsidiaries. The directors of the Company are in the view that there have been no significant increase in credit risk nor default because there had not been any significant deterioration in credit quality of the fellow subsidiaries.

Details of impairment assessment of trade and other receivables are set out in note 3(a)(iii).

17 Prepayments

	31 December 2023 RMB'000	31 December 2022 RMB'000
Prepayments		
— Land use rights	**—**	68,600
— Property, plant and equipment	**59,665**	12,468
— Others	**129,793**	165,835
	189,458	246,903
Less: non-current portion:		
— Land use rights	**—**	(68,600)
— Property, plant and equipment	**(59,665)**	(12,468)
— Others	**—**	(111,358)
	(59,665)	(192,426)
Current portion	**129,793**	54,477

18 Properties under development

	31 December 2023 RMB'000	31 December 2022 RMB'000
Properties under development comprise:		
— Construction costs and capitalised expenditures	**69,327**	939,194
— Land use rights	**39,691**	1,510,730
	109,018	2,449,924

The properties under development are all located in the PRC and expected to be completed within an operating cycle.

The properties under development include costs of acquiring rights to use certain lands, which are located in the PRC for property development over fixed periods. Land use rights are held on leases of 40–70 years (2022: 40–70 years).

The capitalisation rate of borrowings for the year ended 31 December 2023 was 2.80% (2022: 8.16%).

During the year ended 31 December 2023, a provision of RMB7,332,000 (2022: Nil from continuing operations) was made to write down the properties under development.

As at 31 December 2023, write-down of carrying amounts of properties under development amounted to RMB176,846,000 (2022: RMB395,195,000 from continuing operations).

19 Inventories

	31 December 2023 RMB'000	31 December 2022 RMB'000
At cost:		
Raw materials and consumables	**186,070**	373,645
Work-in-progress	**—**	36,800
Finished goods	**—**	89,111
	186,070	499,556
At net realisable values:		
Raw materials and consumables	**41,533**	4,428
Work-in-progress	**8,064**	17,908
Finished goods	**48,926**	—
	98,523	22,336
	284,593	521,892

19 Inventories (Continued)

(i) Amounts recognised in consolidated statement of profit or loss and other comprehensive income

Inventories recognised as cost of sales during the year ended 31 December 2023 amounted to RMB136,064,000 (2022: RMB94,566,000).

During the year ended 31 December 2023, a provision of RMB116,452,000 (2022: Nil) was made to write down the inventories.

As at 31 December 2023, write-down of carrying amounts of inventories amounted to RMB87,894,000 (2022: RMB4,831,000).

20 Restricted cash

As at 31 December 2023, restricted cash of RMB17,900,000 (2022: RMB19,390,000) are mainly frozen by banks due to litigation or overdue loans.

21 Cash and cash equivalents

	31 December 2023 RMB'000	31 December 2022 RMB'000
Cash at bank and in hand	**128,824**	219,941
Denominated in:		
RMB	**40,553**	158,413
US$	**14,552**	5,139
Other currencies	**73,719**	56,389
Cash and cash equivalents	**128,824**	219,941

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

Cash at banks earns interest at floating daily bank deposit rates.

22 Investments accounted for using the equity method

The movements of the investments accounted for using the equity method are as follows:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Balance as at 1 January	–	258,475
Addition (note 34)	34,298	—
Disposals	–	(213,321)
Share of losses of associates and joint ventures	–	(18,925)
Reclassified as held for sale (note 33)	–	(26,229)
Balance as at 31 December	34,298	—

On 16 November 2023, the Group disposed 80% equity interests in its wholly-owned subsidiary, namely AB Trollhättan Propellern 13 at a consideration of SEK212,000,000 (approximately equivalent to RMB141,117,000) to an independent third party. The disposal was effected in order to generate cash flows for maintaining the Company's operation. The remaining 20% equity interest in AB Trollhättan Propellern 13 was transferred to interest in an associate. The disposal was completed during the year ended 31 December 2023. This transaction has resulted in the Group recognising a loss of approximately RMB 3,942,000 in profit or loss for the year ended 31 December 2023.

(a) Interests in associates and joint ventures

Set out below is the associate of the Group as at 31 December 2023 which, in the opinion of the directors, is immaterial to the Group.

Name of entity	Country of incorporation	% of ownership 2023	Nature of relationship	Measurement method	Carrying amount 2023 RMB'000
AB Trollhättan Propellern 13	Sweden	20.00%	Associate	Equity method	34,298
Total equity account investments					34,298

23 Financial assets at fair value through profit or loss

	31 December 2023 RMB'000	31 December 2022 RMB'000
Listed equity securities	**746**	134,300
Other equity investments (i)	**162,289**	259,321
	163,035	393,621

(i) As at 31 December 2023, other equity investments of financial assets at fair value through profit or loss mainly represented the Group's equity investments in certain vehicle and motor companies.

The movements of financial assets at fair value through profit or loss are as follows:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Balance as at 1 January	**393,621**	2,756,889
Additions	**—**	20
Disposal	**(157,369)**	(20)
Fair value losses	**(73,079)**	(2,419,707)
Exchange differences	**(138)**	56,439
Balance as at 31 December	**163,035**	393,621

24 Financial instrument by category

	31 December 2023 RMB'000	31 December 2022 RMB'000
Financial assets		
Financial assets at amortised cost		
Restricted cash (note 20)	**17,900**	19,390
Cash and cash equivalents (note 21)	**128,824**	219,941
Trade and other receivables excluding Prepaid taxes (note 16)	**18,127,303**	4,137,661
	18,274,027	4,376,992
Financial assets at fair value through profit or loss (note 23)	**163,035**	393,621
	18,437,062	4,770,613
Financial Liabilities		
Liabilities at amortised cost		
Borrowings (note 30)	**26,484,083**	25,985,169
Lease liabilities (note 13)	**331,170**	623,084
Trade and other payables, excluding payroll payable, other taxes payable and provisions (note 28)	**40,940,594**	29,754,740
	67,755,847	56,362,993

25 Share capital and share premium

	Number of shares	Share capital RMB'000	Share premium RMB'000	Total RMB'000
Share capital				
At 1 January 2022, 31 December 2022 and 2023	10,843,793,000	250,936	27,873,165	28,124,101

26 Share-based compensation

(a) Share options

The Company approved and adopted a share option scheme on 6 June 2018 (the "2018 Share Option Plan").

On 6 November 2020, 298,820,000 share options under 2018 Share Option Plan (the "November 2020 Granted Share Options") were granted to certain directors, managements and employees of the Group with an exercise price of HK$23.05 per share, as rewards for their services. All the options granted will be exercisable within 10 years after vesting.

On 15 June 2021, 129,660,000 share options under 2018 Share Option Plan (the "June 2021 Granted Share Options") were granted to certain directors, managements and employees of the Group with an exercise price of HK$32.82 per share, as rewards for their services. All the options granted will be exercisable within 10 years after vesting.

On 20 September 2021, 323,720,000 share options under 2018 Share Option Plan (the "September 2021 Granted Share Options") were granted to certain directors, managements and employees of the Group with an exercise price of HK$3.9 share, as rewards for their services. All the options granted will be exercisable within 7 years after vesting.

Movements of share options are as follows:

	2023 Number of options	2022 Number of options
As at 1 January	**388,600,000**	528,050,000
Granted during the year	**—**	—
Forfeited during the year	**(167,085,000)**	(139,450,000)
As at 31 December	**221,515,000**	388,600,000

26 Share-based compensation (Continued)

(a) Share options (Continued)

Particulars of share options of the Company as at 31 December 2023 and 2022 are as follows:

Date of grant	Vesting period	Exercise period	Exercise price	Number of outstanding options as 31 December 2023	2022
November 2020 Granted Share Options					
6 November 2020	1 year	6 November 2021–5 November 2026	HK$23.05	**22,852,000**	34,928,000
	2 year	6 November 2022–5 November 2027	HK$23.05	**22,852,000**	34,928,000
	3 year	6 November 2023–5 November 2028	HK$23.05	**22,852,000**	34,928,000
	4 year	6 November 2024–5 November 2029	HK$23.05	**22,852,000**	34,928,000
	5 year	6 November 2025–5 November 2030	HK$23.05	**22,852,000**	34,928,000
June 2021 Granted Share Options					
15 June 2021	1 year	15 June 2022–14 June 2027	HK$32.82	**4,578,000**	8,884,000
	2 year	15 June 2023–14 June 2028	HK$32.82	**4,578,000**	8,884,000
	3 year	15 June 2024–14 June 2029	HK$32.82	**4,578,000**	8,884,000
	4 year	15 June 2025–14 June 2030	HK$32.82	**4,578,000**	8,884,000
	5 year	15 June 2026–14 June 2031	HK$32.82	**4,578,000**	8,884,000
September 2021 Granted Share Options					
20 September 2021	0.5 year	20 March 2022–19 March 2027	HK$3.90	**21,091,250**	42,385,000
	1 year	20 September 2022–19 September 2027	HK$3.90	**21,091,250**	42,385,000
	1.5 year	20 March 2023–19 March 2028	HK$3.90	**21,091,250**	42,385,000
	2 year	20 September 2023–19 September 2028	HK$3.90	**21,091,250**	42,385,000
				221,515,000	388,600,000

None of the outstanding options as at 31 December 2023 was exercisable or expired.

26 Share-based compensation (Continued)

(b) Fair value of share options

Based on fair value of the underlying ordinary shares, the Group has used Binomial option-pricing model to determine the fair value of the stock option as of the grant date. Key assumptions are set as below:

November 2020 Granted Share Options	
Expected expiry date	5 November 2030
Stock price at grant date and exercise price	HK$23.05 per share
Volatility	45.55%–54.28%
Annual risk-free interest rate	0.27%–0.51%
Dividend yield	0%
Suboptimal factors	2.2–2.8

June 2021 Granted Share Options	
Expected expiry date	14 June 2031
Stock price at grant date and exercise price	HK$32.82 per share
Volatility	45.50%–46.91%
Annual risk-free interest rate	0.68%–1.28%
Dividend yield	0%
Suboptimal factors	2.2–2.8

September 2021 Granted Share Options	
Expected expiry date	19 September 2028
Stock price at grant date and exercise price	HK$3.90 per share
Volatility	45.39%–47.68%
Annual risk-free interest rate	0.61%–0.81%
Dividend yield	0%
Suboptimal factors	2.2–2.8

Expenses for the share-based payments have been charged to the consolidated statements of comprehensive income as follow:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Administrative expenses and selling and marketing costs	**71,835**	233,245
Research and development expenses	**50,310**	198,141
	122,145	431,386

27 Reserves

	Special reserve RMB'000	Capital contribution reserve RMB'000	Other reserve RMB'000	Exchange reserve RMB'000	Statutory reserve RMB'000	Share-based compensation reserve RMB'000	Total RMB'000
At 1 January 2022	85,582	796	518,349	2,056,507	302,269	861,817	3,825,320
Other comprehensive loss	—	—	—	(2,139,588)	—	—	(2,139,588)
Transfer to statutory reserve	—	—	—	—	4,647	—	4,647
Share-based compensation (note 26)	—	—	—	—	—	431,386	431,386
Changes in ownership interests in subsidiaries without change of control (note 32)	—	—	59,691	—	—	—	59,691
Balance at 31 December 2022	85,582	796	578,040	(83,081)	306,916	1,293,203	2,181,456
At 1 January 2023	**85,582**	**796**	**578,040**	**(83,081)**	**306,916**	**1,293,203**	**2,181,456**
Other comprehensive loss	**—**	**—**	**—**	**(307,522)**	**—**	**—**	**(307,522)**
Disposal of subsidiaries (note 33)	**—**	**43,382,287**	**—**	**—**	**(306,286)**	**—**	**43,076,001**
Share-based compensation (note 26)	**—**	**—**	**—**	**—**	**—**	**122,145**	**122,145**
Balance at 31 December 2023	**85,582**	**43,383,083**	**578,040**	**(390,603)**	**630**	**1,415,348**	**45,072,080**

(a) Special reserve

The special reserve of the Group represents the differences between the aggregate amount of share capital and share premium of the relevant subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of a group reorganisation scheme.

(b) Capital contribution reserve

The amount represents deemed capital contribution and deregistration of a subsidiaries.

(c) Other reserve

Other reserve mainly represents the difference between considerations paid and the carrying amount of non-controlling interests acquired at transition date.

(d) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of group entities with fluctuation currency other than RMB. The reserve is dealt with in accordance with the accounting policies set out in note 2.5(iii) to the consolidated financial statements.

27 Reserves (Continued)

(e) Statutory reserves

Pursuant to the relevant rules and regulations concerning foreign investment enterprise established in the PRC and the articles of association of certain PRC subsidiaries of the Group, those subsidiaries are required to transfer an amount of their profit after taxation to the statutory reserve fund, until the accumulated total of fund reaches 50% of their registered capital. Statutory reserve is non-distributable and the transfers of these funds are determined by the board of directors of the relevant PRC subsidiaries in accordance with the relevant rules and regulations in the PRC.

28 Trade and other payables

	31 December 2023 RMB'000	31 December 2022 RMB'000
Trade and notes payables (a)	**9,646,566**	10,526,915
— third parties	**9,646,566**	10,526,915
Other payables	**26,049,483**	16,111,469
— third parties (b)	**2,819,243**	1,385,086
— related parties (note 39(a)(ii))	**23,230,240**	14,726,383
Interest payable to:	**5,244,545**	3,116,356
— third parties	**2,777,412**	1,675,331
— related parties (note 39(a)(ii))	**2,467,133**	1,441,025
Payroll payable	**194,580**	101,332
Other taxes payable	**186,736**	157,770
Provisions (c)	**1,689,825**	782,339
Total trade and other payables	**43,011,735**	30,796,181

28 Trade and other payables (Continued)

(a) The Group normally receives credit terms of 60 days to 90 days from its suppliers. The following is an ageing analysis of trade payables based on the invoice date at the statement of financial position date:

	31 December 2023 RMB'000	31 December 2022 RMB'000
0–90 days	**3,981,440**	4,672,682
91–180 days	**74,044**	628,405
Over 180 days	**5,591,082**	5,225,828
	9,646,566	10,526,915

(b) Other payables to third parties mainly included the payable for acquisition of subsidiaries, government grants need to returned and etc.

(c) Provisions

The reconciliation of movements on provisions:

	Litigation RMB'000
At 1 January 2023	782,339
Additional provision in the year	907,486
At 31 December 2023	1,689,825

(d) The Group's trade and other payables are denominated in the following currencies:

	31 December 2023 RMB'000	31 December 2022 RMB'000
RMB	**31,917,574**	28,849,156
US$	**178,830**	1,441,025
Others	**10,915,331**	506,000
	43,011,735	30,796,181

29 Deferred income

	31 December 2023 RMB'000	31 December 2022 RMB'000
Balance as at 1 January	**2,781,150**	2,821,150
Credited to property, plant and equipment (note 12)	**—**	(30,000)
Reclassified as held for sale (note 33)	**—**	(10,000)
Refund	**(179,990)**	—
Balance as at 31 December	**2,601,160**	2,781,150

30 Borrowings

	31 December 2023 RMB'000	31 December 2022 RMB'000
Borrowings included in non-current liabilities:		
Shareholder borrowings (note 39(a)(ii))	**12,520,905**	12,312,127
Borrowings included in current liabilities:		
Bank borrowings	**4,011,945**	4,429,934
Other borrowings (a)	**9,951,233**	9,243,108
	13,963,178	13,673,042
Total borrowings	**26,484,083**	25,985,169

(a) Other borrowings

Certain group companies in the PRC have entered into fund arrangements with financial institutions (the "Trustees"), pursuant to which Trustees raised trust funds and injected the funds to the group companies in prior years and loans from the ultimate controlling company and party.

30 Borrowings (Continued)

(b) Borrowings

At 31 December 2023 and 2022, the Group's borrowings were repayable as follows:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Within 1 year or on demand	**13,963,178**	13,673,042
Between 1 and 2 years	**—**	—
Between 2 and 5 years	**12,520,905**	12,312,127
	26,484,083	25,985,169

As at 31 December 2023, the Group's borrowings of RMB7,255,248,000 (2022: RMB6,480,106,000 from continuing operations) were secured by pledge of the Group's property, plant and equipment, right-of-use assets, and equity interests of certain subsidiaries, totalling at RMB12,605,399,000 (2022: RMB13,363,058,000 from continuing operations).

As at 31 December 2023, the Group's borrowings guaranteed by intermediate controlling company, China Evergrande Group, were RMB 6,976,668,000 (2022: RMB16,027,333,000 including continuing operations and discontinued operations).

For the year ended 31 December 2023, the effective interest rate of borrowings of RMB20,389,032,000 (2022:RMB19,497,705,000) with fixed interest rate 8.51% (2022: 9.06%) per annum.

The carrying amounts of total borrowings were denominated in the following currencies:

	31 December 2023 RMB'000	31 December 2022 RMB'000
RMB	**9,536,293**	9,340,682
US$	**12,520,905**	12,312,127
HK$	**4,426,885**	4,332,360
	26,484,083	25,985,169

The carrying amounts of current borrowings approximate their fair values due to their short-term maturities.

The fair values of non-current borrowings are estimated based on discounted cash flow using the prevailing market rates of interest available to the Group for financial instruments with substantially the same terms and characteristics at the statement of financial position date, which are categorised as level 2 fair value measurement. As at 31 December 2023 and 2022, the carrying amounts of non-current borrowings approximate their fair values.

31 Deferred Income Tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The analysis of Deferred tax assets and Deferred tax liabilities is as follows:

	31 December 2023 RMB'000	31 December 2022 RMB'000
To be realised within 12 months	**78**	8,956
To be realised after more than 12 months	**–**	–
Deferred tax assets	**78**	8,956
To be realised within 12 months	**–**	(28,193)
To be realised after more than 12 months	**–**	(28,171)
Deferred tax liabilities	**–**	(56,364)
	78	(47,408)

The net movements on the deferred taxation are as follows:

	2023 RMB'000	2022 RMB'000
At 1 January	**(47,408)**	(873,360)
Recognised in income tax credit	**47,486**	939,846
Reclassified as held for sale (note 33)	**–**	(113,894)
At 31 December	**78**	(47,408)

31 Deferred Income Tax (Continued)

Movements in gross deferred tax assets and liabilities are as follows:

(a) Deferred tax assets

	Total RMB'000
As at 1 January 2022	151,035
Credited to profit or loss for the year	(28,185)
Reclassified as held for sale (note 33)	(113,894)
As at 31 December 2022	8,956
Credited to profit or loss for the year	(8,878)
As at 31 December 2023	78

As at 31 December 2023, the Group did not recognise deferred tax assets of RMB13,673,370,000 (2022: RMB1,990,397,000) in respect of tax losses amounting to RMB61,003,502,000 (2022: RMB93,782,176,000) in certain subsidiaries as the future profit streams of these subsidiaries are uncertain. These tax losses will expire in the following years:

Year	RMB'000
2024	1,058,449
2025	7,988,904
2026	26,421,806
2027	13,542,541
2028	11,991,802
	61,003,502

31 Deferred Income Tax (Continued)

(b) Deferred tax liabilities

	Excess of carrying amount of right-of-use assets, property, plant and equipment and intangible asset over the tax bases RMB'000
As at 1 January 2022	(1,024,395)
Credited to profit or loss for the year	968,031
As at 31 December 2022	(56,364)
Credited to profit or loss for the year	56,364
As at 31 December 2023	—

32 Non-Controlling Interests

The movements of non-controlling interests are as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
At 1 January	**(50,088)**	(47,081)
Loss for the year	**(60,911)**	(3,347)
Capital injection	**—**	92,951
Changes in ownership interests in subsidiaries without change of control (i)	**—**	(92,611)
Disposal of subsidiaries (note 33)	**62,797**	—
	(48,202)	(50,088)

(i) Transaction with non-controlling interests

The details transaction with non-controlling interests are as follows:

	2023 RMB'000	2022 RMB'000
Carrying amount of non-controlling interests acquired	**—**	(92,611)
Considerations to non-controlling interests	**—**	32,920
Difference between consideration paid and the carrying amount of non-controlling interests acquired	**—**	(59,691)

33 Discontinued Operations

In 2022, the management of the Company resolved to dispose the Assemble Guard Limited and Flaming Ace Limited and their subsidiaries (the Health Management, as well as called the "Disposal Group") to its holding company. The assets and liabilities attributable to the Disposal Group have been classified as a disposal group held for sale in accordance with HKFRS 5, and are presented separately in the statement of financial position as at 31 December 2022.

The disposal was completed on 12 May 2023.

(i) The consolidated statement of profit or loss and other comprehensive income of discontinued operations

The loss for the year from the Disposal Group operations is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the health management operation as a discontinued operation.

	2023 RMB'000	2022 RMB'000
Revenue	**3,195,106**	3,688,779
Cost of sales	**(2,591,503)**	(3,399,736)
Gross profit	**603,603**	289,043
Other income, net	**568,272**	270,428
Other losses, net	**(1,401,323)**	(8,190,004)
Selling and marketing costs	**(129,455)**	(260,338)
Administrative expenses	**(41,842)**	(230,671)
Net impairment losses on financial assets	**–**	(338,459)
Fair value losses on investment properties	**(9,660)**	(6,180)
Net impairment losses on property, plant and equipment, intangible assets and goodwill	**–**	(11,933)
Net impairment losses on properties under development, completed properties held for sale and inventories	**–**	(1,771,494)
Operating loss	**(410,405)**	(10,249,608)
Finance income	**112**	21,629
Finance costs	**(430,340)**	(944,278)
Finance costs, net	**(430,228)**	(922,649)
Share of losses of investments accounted for using the equity method	**–**	(18,925)
Loss before income tax	**(840,633)**	(11,191,182)
Income tax expense	**(220,296)**	(1,619,590)
Loss for the year from discontinued operations	**(1,060,929)**	(12,810,772)

33 Discontinued Operations (Continued)

(ii) The cash generated by the discounted operations

The following table discloses the cash generated by the discounted operations:

	2023 RMB'000	2022 RMB'000
Net cash outflow from operating activities	**(224,009)**	(1,801,255)
Net cash inflow from investing activities	**202,146**	1,248,552
Net cash outflow from financing activities	**(197,699)**	(1,148,144)
Net decrease in cash generated by the discontinued operations	**(219,562)**	(1,700,847)

(iii) The assets and liabilities of discontinuing operation classified as held for sale as at 31 December 2022

The following assets and liabilities were reclassified as held for sale in relation to the discontinuing operation held for sale as at 31 December 2022:

	2022 RMB'000
Assets	
Property, plant and equipment	691,131
Right-of-use assets	136,135
Investment properties	425,190
Intangible assets	4,580
Investments accounted for using the equity method	26,229
Deferred tax assets	113,894
Contract acquisition costs	771,219
Trade and other receivables and Prepaid taxes	15,275,423
Prepayments	1,354,310
Properties under development	56,650,703
Completed properties held for sale	7,728,291
Inventories	7,864
Restricted cash	1,152,432
Cash and cash equivalents	489,133
Total assets transferred to assets of discontinuing operation classified as held for sale	84,826,534
Liabilities	
Lease liabilities	15,517
Deferred income	10,000
Borrowings	14,517,657
Contract liabilities	50,774,878
Trade and other payables	53,684,231
Total liabilities transferred to liabilities of discontinuing operation classified as held for sale	119,002,283
Net liabilities of discontinuing operation directly attributable to the Group	34,175,749

33 Discontinued Operations (Continued)

(iv) The consideration received for the Disposal Group and the net assets of Disposal Group as at the date of disposal

The following table summaries the consideration received for the Disposal Group and the net assets of Disposal Group as at the date of disposal:

	RMB
Consideration satisfied by:	
Cash	2

Analysis of assets and liabilities disposal of as the date of disposal:

	RMB'000
Assets	
Property, plant and equipment	476,274
Right-of-use assets	120,571
Investment properties	415,530
Intangible assets	4,135
Deferred tax assets	210,575
Contract acquisition costs	670,853
Trade and other receivables and prepaid taxes	22,105,720
Prepayments	852,081
Properties under development	55,832,558
Completed properties held for sale	9,040,699
Inventories	359,915
Restricted cash	3,888,560
Cash and cash equivalents	269,571
Total assets	94,247,042
Liabilities	
Current income — tax liabilities	359,868
Lease liabilities	3,596,172
Deferred tax liabilities	94,198
Borrowings	14,319,958
Contract liabilities	48,397,264
Trade and other payables	70,618,380
Total liabilities	137,385,840
Net liabilities disposed of	43,138,798

33 Discontinued Operations (Continued)

(iv) The consideration received for the Disposal Group and the net assets of Disposal Group as at the date of disposal (Continued)

	RMB'000
Gain on disposal of subsidiaries:	
Consideration	—
Net liabilities disposed of	43,138,798
Non-controlling interests	(62,797)
Gain on disposal credited to equity	43,076,001
Net cash outflow arising on disposal:	
Cash consideration received	—
Less: Cash and cash equivalents disposed of	(269,571)
	(269,571)

34 Disposal of Subsidiaries

During the year ended 31 December 2023, the Group disposed of certain insignificant subsidiaries in Guangxi Lichi Enterprise Management Co., Ltd, AB Trollhättan Propellern 13 and Evergrande New Energy Japan Research Institute.

The net assets of all disposed of insignificant subsidiaries at the date of disposal were as follows:

	RMB'000
Consideration received:	
Cash received	100,458
Deferred cash consideration	42,659
Total consideration received	143,117

Analysis of assets and liabilities over which control was lost:

	RMB'000
Assets	
Property, plant and equipment	1,362,471
Properties under development	1,325,223
Trade and other receivables and prepaid taxes	609,766
Prepayments	199,143
Restricted cash	98,347
Right-of-use assets	87,622
Inventories	427
Cash and cash equivalents	297
Contract acquisition costs	266
Intangible assets	95
	3,683,657
Liabilities	
Contract liabilities	2,034,692
Trade and other payables	1,145,789
Lease liabilities	36,764
Current tax liabilities	1,844
	3,219,089
Net assets over which control was lost	464,568

34 Disposal of Subsidiaries (Continued)

	RMB'000
Loss on disposal of subsidiaries:	
Consideration received and receivable	143,117
Net assets disposed of	(464,568)
Transfer to interest in an associate (note 22)	34,298
Loss on disposal	(287,153)

	RMB'000
Net cash inflow arising on disposal:	
Cash consideration	100,458
Less: cash and cash equivalents disposed of	(297)
	100,161

35 Impairment tests for property, plant and equipment, intangible asset and right-of-use assets

As at 31 December 2023, the management of the Group identified impairment indicators of certain non-current assets in (i) the result of economic depression and (ii) change in business plan and carried out an impairment review on the non-current assets, mainly property, plant and equipment, intangible assets and right-of-use assets.

As the result of management assessment, impairment provision of RMB1,443 million (2022: RMB5,455 million) was recognised on property, plant and equipment for the year ended 31 December 2023, impairment provision of RMB3,349 million (2022: RMB2,808 million) was recognised on intangible asset for the year ended 31 December 2023 and impairment provision of RMB19 million (2022: RMB2 million) was recognised on right-of-use assets for the year ended 31 December 2023.

The Company performed impairment tests on new energy vehicle manufacturing and new energy battery manufacturing. The new energy vehicle manufacturing was using value-in-use calculations and the new energy battery manufacturing was using fair value less costs of disposal in 2023.

36 Cash Flow Information

(a) Cash generated from operations

	2023 RMB'000	2022 RMB'000
Loss before income tax from		
Continuing operations	**(10,951,918)**	(15,783,985)
Discontinued operations	**(840,633)**	(11,191,182)
Loss before income tax including discontinued operations	**(11,792,551)**	(26,975,167)
Adjustments for:		
Interest income	**(4,598)**	(29,741)
Finance costs, net	**1,921,272**	2,175,200
Depreciation of property, plant and equipment	**371,869**	396,141
Depreciation of right-of-use assets	**220,461**	87,302
Amortisation of intangible assets	**540,349**	705,630
Fair value losses on financial assets at fair value through profit and loss	**73,079**	2,419,707
Fair value losses on investment properties	**9,660**	6,180
Exchange losses/(gains)	**(373,849)**	47,674
(Gain)/loss on disposal of property, plant and equipment	**(490,663)**	381,320
Impairment losses on intangible assets	**3,349,021**	2,808,063
Impairment losses on right-of-use assets	**18,978**	2,598
Impairment losses on financial assets	**929,701**	418,147
Impairment loss recognised for investments accounted for using the equity method	**26,229**	—
Impairment losses on property, plant and equipment	**1,443,101**	5,454,914
Impairment losses of properties under development, completed properties held for sale and other inventories	**123,784**	1,771,494
Employee share option schemes	**122,145**	431,386
Share of losses of investments accounted for using the equity method	**—**	18,925
Loss on disposal of subsidiaries	**287,153**	—
Operating loss before working capital changes	**(3,224,859)**	(9,880,227)
Changes in working capital:		
Decrease in inventories, properties under development and completed properties held for sale	**280,156**	11,019,111
Increase in trade and other receivables and contract acquisition costs	**(21,797,017)**	(1,389,082)
Decrease in prepayments	**407,728**	1,292,467
Increase/decrease in trade and other payables and contract liabilities	**27,064,175**	(330,318)
Increase/decrease in restricted cash	**(2,832,985)**	1,636,878
Cash generated from/(used in) operations	**(102,802)**	2,348,829

36 Cash Flow Information (Continued)

(b) Reconciliations of liabilities under continuing operation arising from financing activities

	Borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2022	40,664,908	1,013,732	41,678,640
Financing cash flows	(162,082)	(217,070)	(379,152)
New leases entered/lease modified	—	(158,061)	(158,061)
Reclassified as held for sale	(14,517,657)	(15,517)	(14,533,174)
At 31 December 2022	25,985,169	623,084	26,608,253
Financing cash flows	391,685	(23,936)	367,749
Repayment of loans from assets	(164,358)	—	(164,358)
Lease termination	—	(231,214)	(231,214)
Disposal of subsidiaries (note 34)	—	(36,764)	(36,764)
Exchange adjustments	271,587	—	271,587
At 31 December 2023	**26,484,083**	**331,170**	**26,815,253**

37 Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	2023 RMB'000	2022 RMB'000
Acquisition of right-of-use assets, property, plant and equipment and intangible assets	**13,750,638**	16,649,685

(b) Lease commitments

As at 31 December 2023, the group did not have any material short-term lease commitment.

38 Financial Guarantee

As at 31 December 2023, the group does not have any material financial guarantee under continuing operation.

39 Related Party Transactions

The Group is controlled by China Evergrande Group, which owns 58.54% of the Company's shares. The remaining 41.46% of the shares are widely held. The ultimate parent of the Group is Xin Xin (BVI) Limited, incorporated in the British Virgin Islands. The ultimate controlling party of the Group is Dr. Hui Ka Yan.

Name	Relationship
China Evergrande Group	Intermediate controlling company
Evergrande Health Industry Holdings Limited	Parent company
Guangzhou Football Club Co., Ltd.	Joint venture of the Group's holding company
Guoheng Smart Energy Services Co., Ltd.	Joint venture of the Group's holding company
Evergrande Life Insurance Co., Ltd.	Joint venture of the Group's holding company
Hengning Health Industry Nanjing Co., Ltd.	Joint venture of the Group's holding company
Jiangyin Hengpeng Real Estate Co., Ltd.	Joint venture of the Group's holding company
Jinhua Henghe Real Estate Co., Ltd.	Joint venture of the Group's holding company
Shangrao Hengjun Health Industry Co., Ltd.	Joint venture of the Group's holding company
Hohhot Henghong Real Estate Development Co., Ltd.	Associate of the Group's holding company
Yunnan Laide Jialize Horse Industry Co., Ltd.	Associate of the Group's holding company
Yunnan Jialize Towards Physical Culture Development Co., Ltd.	Associate of the Group's holding company
Evergrande Property Services Group Limited	Fellow subsidiary
Evergrande Property Group Pearl River Delta Real Estate Development Co., Ltd.	Fellow subsidiary
Guangzhou Kuiyun Enterprise Management Consulting Co., Ltd.	Fellow subsidiary
Evergrande Real Estate Group Co., Ltd.	Fellow subsidiary
Evergrande Real Estate Group Zhengzhou Co., Ltd.	Fellow subsidiary
Evergrande Real Estate Group (Shenyang) Investment Co., Ltd.	Fellow subsidiary
Evergrande Real Estate Group Guiyang Real Estate Co., Ltd.	Fellow subsidiary
Changsha Jinrui Properties Co., Ltd.	Fellow subsidiary
Hunan Hengchen Real Estate Co., Ltd.	Fellow subsidiary
Evergrande Real Estate Group Nanjing Real Estate Co., Ltd.	Fellow subsidiary
Evergrande Real Estate Group Urumqi Co., Ltd.	Fellow subsidiary
Evergrande Real Estate Group Nanning Co., Ltd.	Fellow subsidiary
Evergrande Century City (Qingyuan) Hotel Co., Ltd.	Fellow subsidiary
Chongqing Evergrande Hotel Co., Ltd.	Fellow subsidiary
Guangzhou Pinyan Catering Business Management Co., Ltd.	Fellow subsidiary
Guangzhou Evergrande Hotel Co., Ltd.	Fellow subsidiary

39 Related party transactions (Continued)

Name	Relationship
Pengshan Evergrande Hotel Co., Ltd.	Fellow subsidiary
Chengdu Jintang Evergrande Hotel Co., Ltd.	Fellow subsidiary
Tianjin Donglihu Evergrande Hotel Co., Ltd.	Fellow subsidiary
Qidong Evergrande Hotel Co., Ltd.	Fellow subsidiary
Nanjing Evergrande Hotel Co., Ltd.	Fellow subsidiary
Linzhi Evergrande Hotel Co., Ltd.	Fellow subsidiary
Shenzhen Evergrande Material and Equipment Co., Ltd.	Fellow subsidiary
Yunnan Yuxing Zhongtian Real Estate Development Co., Ltd.	Fellow subsidiary
Guangzhou Evergrande Material and Equipment Co., Ltd.	Fellow subsidiary
Tianjin Evergrande Hotel Co., Ltd.	Fellow subsidiary
Urumqi Hengzheng Tourism Development Co., Ltd.	Fellow subsidiary
Cangzhou Evergrande Children 's World Theme Park Tourism Development Co., Ltd.	Fellow subsidiary
Enping Oolishang Real Estate Development Co., Ltd.	Fellow subsidiary
Nanjing Meixu Real Estate Development Co., Ltd.	Fellow subsidiary
Evergrande Real Estate Group Guangdong Real Estate Development Co., Ltd.	Fellow subsidiary
Shenyang Hengda Real Estate Development Co., Ltd.	Fellow subsidiary
Hengda Tongshijie (Changsha) Real Estate Co., Ltd.	Fellow subsidiary
Jinbi Property Management Co., Ltd.	Fellow subsidiary
Evergrande Group Co., Ltd.	Fellow subsidiary
Guangzhou Yiheng Landscaping Co., Ltd.	Fellow subsidiary
Guangzhou Henglong Equipment Material Co., Ltd.	Fellow subsidiary
Urumqi Hengteng Tourism Development Co., Ltd.	Fellow subsidiary
Evergrande Peiguan Education Technology Co., Ltd.	Fellow subsidiary
Guiyang Hengda Xinhui Real Estate Development Co., Ltd.	Fellow subsidiary
Shenzhen Hengda Material Equipment Co., Ltd.	Fellow subsidiary
Guangzhou Yuelang Investment Co., Ltd.	Fellow subsidiary
Chengdu Hengling Real Estate Co., Ltd.	Fellow subsidiary

39 Related Party Transactions (Continued)

(a) Related party transactions and balances

During the years ended 31 December 2023 and 2022, in addition to those disclosed elsewhere in the consolidated financial statements, the Group had the following significant transactions with related parties, which were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties:

(i) Transactions with companies related to China Evergrande Group:

	2023 RMB'000	2022 RMB'000
Borrowings guaranteed by intermediate controlling company	**6,976,668**	16,027,333
Interest charged by intermediate controlling company	**1,011,708**	967,213
Payment of integrated insurance procurement to joint venture of the Group's holding company (a)	**25**	—
Interest charged by joint ventures of the Group's holding company	**—**	129,400
Payment of advertising expenses to fellow subsidiaries	**—**	7,520
Payment of property management services to fellow subsidiaries	**3,280**	66,589
Payment of green landscaping services to fellow subsidiaries	**217,070**	—
Payment of purchases of materials to fellow subsidiaries	**8,506**	6,702
Miscellaneous charges and fees	**1,868**	60
Operating revenue	**15,067**	1,650

(a) The nature of integrated insurance's promise represented that the Group performed as an agent to arrange for the insurance services for members of elderly care valley to be provided by joint venture of the Group's holding company.

39 Related Party Transactions (Continued)

(a) Related party transactions and balances (Continued)

(ii) Balances with companies related to China Evergrande Group:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Due from related parties:		
Intermediate controlling company	–	129,026
Fellow subsidiaries	16,026,210	1,279,527
Parent company	17,510	—
Joint ventures	–	219
Associate	–	720,000
Joint ventures of the Group's holding company	408	40,892
An associate of the Group's holding company	720,000	—
	16,764,128	2,169,664
Cash deposits in associate of the Group's holding company	–	279
Due to related parties (note 28):		
Intermediate controlling company	2,004,742	12,236,468
Fellow subsidiaries	21,224,999	2,489,710
Joint ventures of the Group's holding company	499	205
	23,230,240	14,726,383
Loans from related parties:		
Intermediate controlling company (note 30)	12,520,905	12,312,127
The ultimate controlling party	1,844,158	3,215,772
Company controlled by the ultimate controlling party	–	580,626
The ultimate controlling company	589,043	535,962
	14,954,106	16,644,487
Interest payable to related parties (note 28)		
Intermediate controlling company	2,467,133	1,441,025

39 Related Party Transactions (Continued)

(a) Related party transactions and balances (Continued)

(ii) Balances with companies related to China Evergrande Group: (Continued)

The receivables arise mainly from cash advance to fellow subsidiaries for daily operation purpose. The receivables are unsecured in nature, bear no interest and repayable on demand. No provisions are held against receivables from fellow subsidiaries (2022: nil).

The payables arise mainly from cash advance from fellow subsidiaries for daily operation purpose. The payables are unsecured in nature, bear no interest and repayable on demand.

Loans from intermediate controlling company are unsecured with the annual interest rate 8% (2022: 8%).

Loans from the ultimate controlling company and party are unsecured with no annual interest rate (2022: nil).

(b) Compensation of key management personnel

Key management includes directors (executive and non-executive) of the Company. The compensation paid or payable to key management for employee services is shown below:

The emoluments of directors and other members of key management during the year were as follows:

	2023 **RMB'000**	2022 RMB'000
Short-term benefits	**9,479**	3,739
Contribution to a retirement benefit scheme	**190**	281
Share-based compensation	**75,525**	89,942
	85,194	93,962

40 Statement of Financial Position and Reserve Movement of the Company

(a) Statement of financial position of the Company

	31 December 2023 RMB'000	31 December 2022 RMB'000
ASSETS		
Current assets		
Other receivables	–	240,080
Amounts due from subsidiaries	**670,863**	556,781
Cash and cash equivalents	**8,145**	10,799
	679,008	807,660
Total assets	**679,008**	807,660
EQUITY		
Capital and reserves attributable to owners of the Company		
Share capital and share premium	**28,124,101**	28,124,101
Reserves (b)	**(58,261,328)**	(56,739,009)
Total deficit	**(30,137,227)**	(28,614,908)
LIABILITIES		
Non-current liabilities		
Borrowings	**12,520,905**	12,312,127
Current liabilities		
Borrowings	**4,426,885**	4,332,360
Amounts due to intermediate controlling company	**13,839,550**	12,777,881
Other payables	**28,895**	200
	18,295,330	17,110,441
Total liabilities	**30,816,235**	29,422,568
Total equity and liabilities	**679,008**	807,660

The statement of financial position of the Company was approved by the Board of Directors on 27 March 2024 and was signed on its behalf.

SIU SHAWN
Director

QIN LIYONG
Director

40 Statement of Financial Position and Reserve Movement of the Company (Continued)

(b) Reserve movement of the Company

	Merger reserve RMB'000	Exchange reserve RMB'000	Share-based compensation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2022	68,050	(617,144)	861,817	(52,956,520)	(52,643,797)
Comprehensive loss					
Loss for the year	—	—	—	(6,418,228)	(6,418,228)
Other comprehensive income	—	1,891,630	—	—	1,891,630
Share-based compensation	—	—	431,386	—	431,386
Total comprehensive income/(loss)	—	1,891,630	431,386	(6,418,228)	(4,095,212)
At 31 December 2022	68,050	1,274,486	1,293,203	(59,374,748)	(56,739,009)
At 1 January 2023	68,050	1,274,486	1,293,203	(59,374,748)	(56,739,009)
Comprehensive loss					
Loss for the year	—	—	—	(2,025,621)	(2,025,621)
Other comprehensive income	—	381,157	—	—	381,157
Share-based compensation	—	—	122,145	—	122,145
Total comprehensive income/(loss)	—	381,157	122,145	(2,025,621)	(1,522,319)
At 31 December 2023	68,050	1,655,643	1,415,348	(61,400,369)	(58,261,328)

The merger reserve of the Company represented the difference between the consolidated net assets of the subsidiaries at the date of the Group reorganisation and the nominal amount of the Company's shares issued.

At 31 December 2023, the Company's reserves has no available for distribution (2022: nil) as calculated.

41 Benefits and Interests of Directors

(a) Directors' and Chief Executive's emoluments

The accumulated directors' remuneration and share-based compensation for directors and key management personnel for the year ended 31 December 2023 is set out below:

Directors' remuneration:

	Fee RMB'000	Salary RMB'000	Other benefit expenses* RMB'000	Total RMB'000
Siu Shawn	180	–	9	189
Liu Yongzhuo	180	860	157	1,197
Qin Liyong	180	1,028	120	1,328
Chau Shing Yim, David	300	–	–	300
Guo Jianwen	300	–	–	300
Xie Wu	300	–	–	300

Share-based compensation*:

	Share-based compensation RMB'000
Siu Shawn	31,158
Liu Yongzhuo	31,158
Qin Liyong	3,116
Chau Shing Yim, David	31
Guo Jianwen	31
Xie Wu	31

* Share-based compensation represent the Company's approval and adoption of a share option scheme on 6 June 2018 (the "**2018 Share Option Plan**"), which were granted in three tranches on 6 November 2020, 15 June 2021 and 20 September 2021, respectively. The options are amortised over future years based on the fair value at the date of grant. The exercise prices of the options were HK$23.05 per share, HK$32.85 per share and HK$3.90 per share, respectively, of which no cash receipts were involved. Other benefit expenses mainly refer to MPF, social security and housing provident fund.

41 Benefits and Interests of Directors (Continued)

(a) Directors' and Chief Executive's emoluments (Continued)

The accumulated directors' remuneration and share-based compensation for directors and key management personnel for the year ended 31 December 2022 is set out below:

Directors' remuneration:

	Fee RMB'000	Salary RMB'000	Other benefit expenses* RMB'000	Total RMB'000
Siu Shawn	180	—	—	180
Liu Yongzhuo	180	840	135	1,155
Qin Liyong	180	1,301	104	1,585
Chau Shing Yim, David	300	—	—	300
Guo Jianwen	300	—	—	300
Xie Wu	300	—	—	300

Share-based compensation*:

	Share-based compensation RMB'000
Siu Shawn	42,829
Liu Yongzhuo	42,829
Qin Liyong	4,283
Chau Shing Yim, David	114
Guo Jianwen	114
Xie Wu	114

* Share-based compensation represent the Company's approval and adoption of a share option scheme on 6 June 2018 (the "**2018 Share Option Plan**"), which were granted in three tranches on 6 November 2020, 15 June 2021 and 20 September 2021, respectively. The options are amortised over future years based on the fair value at the date of grant. The exercise prices of the options were HK$23.05 per share, HK$32.85 per share and HK$3.90 per share, respectively, of which no cash receipts were involved. Other benefit expenses mainly refer to MPF, social security and housing provident fund.

(b) Directors' retirement benefits and termination benefits

Except for the details disclosed in note 39(b), none of the directors of the Company received or will receive any retirement benefits or termination benefits in respect of their services to the Group for the year ended 31 December 2023 (2022: nil).

41 Benefits and Interests of Directors (Continued)

(c) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2023, the Group has not paid any consideration to any third parties for making available directors' services to the Company (2022: nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There were no loans, quasi-loans and other dealings entered into by the Group in favour of the directors of the Company, or body corporate controlled by or entities connected with any of the directors of the Company at the end of the year or at any time during the year (2022: nil).

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2022: nil).

(f) Five highest paid individuals

During the year ended 31 December 2023, the five highest paid individual include two of the directors (2022: none of the directors), whose emoluments are reflected in the analysis presented in note 39(b). The aggregate amounts of emoluments of the remaining highest paid individuals for the year ended 31 December 2023 are set out below:

	2023 **RMB'000**	2022 RMB'000
Salaries and other benefits	**10,815**	34,198
Share-based compensation	**17,446**	55,476
	28,261	89,674

The emoluments fell within the following bands:

	2023	2022
HK$3,000,001–HK$4,000,000	**–**	1
HK$4,000,001–HK$5,000,000	**–**	1
HK$6,000,001–HK$7,000,000	**1**	1
HK$7,000,001–HK$8,000,000	**1**	1
HK$12,000,001–HK$13,000,000	**–**	1
HK$17,000,001–HK$18,000,000	**1**	–
>HK$24,000,000	**–**	–

42 Subsidiaries

Particulars of principal subsidiaries

Name	Issued ordinary/ registered share capital	Percentage of attributable equity interest held directly	indirectly	Principal activities
Incorporated and operating in the Mainland with limited liability				
恒大恒馳新能源汽車(上海)有限公司 Evergrande Hengchi New Energy Vehicle (Shanghai) Co., Ltd.	RMB3,010,000,000	0%	100%	Sales and manufacturing of smart mobility
恒大新能源汽車(天津)有限公司 Evergrande New Energy Vehicle (Tianjin) Co., Ltd.	RMB4,100,000,000	0%	100%	Sales and manufacturing of smart mobility
恒大智能汽車(廣東)有限公司 Evergrande Smart Automotive (Guangdong) Co., Ltd.	RMB2,500,000,000	0%	100%	Sales and manufacturing of smart mobility
恒大新能源汽車(廣東)有限公司 Evergrande New Energy Vehicle (Guangdong) Co., Ltd.	RMB5,000,000,000	0%	100%	Sales and manufacturing of smart mobility
恒大新能源汽車科技(廣東)有限公司 Evergrande New Energy Vehicle Technology (Guangdong) Co., Ltd.	RMB100,000,000	0%	100%	Sales and manufacturing of smart mobility
恒大新能源汽車(江蘇)有限公司 Evergrande New Energy Vehicle (Jiangsu) Co., Ltd.	USD500,000,000	0%	100%	Sales and manufacturing of smart mobility
恒大新能源汽車(河南)有限公司 Evergrande New Energy Vehicle (Henan) Co., Ltd.	RMB1,000,000,000	0%	100%	Sales and manufacturing of smart mobility
恒大新能源汽車(遼寧)有限公司 Evergrande New Energy Vehicle (Liaoning) Co., Ltd.	RMB3,600,000,000	0%	100%	Sales and manufacturing of smart mobility
恒大恒馳新能源汽車研究院(上海)有限公司 Evergrande Hengchi New Energy Automotive Institute (Shanghai) Co., Ltd.	RMB3,000,000,000	0%	100%	Sales and manufacturing of smart mobility
恒大新能源技術(深圳)有限公司 Evergrande New Energy Technology (Shenzhen) Co., Ltd.	RMB983,000,000	0%	100%	Design, manufacture, selling lithium-ion battery
上海卡耐新能源有限公司 Shanghai CENAT New Energy Co., Ltd.	RMB625,720,000	0%	80%	Design, manufacture, selling power lithium-ion battery
江蘇卡耐新能源有限公司 Jiangsu CENAT New Energy Co., Ltd.	RMB1,000,000,000	0%	100%	Manufacture, selling electric vehicles and power lithium-ion battery
廣西卡耐新能源有限公司 Guangxi CENAT New Energy Co., Ltd.	RMB100,000,000	0%	100%	Manufacture, selling electric vehicles and power lithium-ion battery
天津國能生活服務有限責任公司 Tianjin Guoneng Life Service Co., Ltd.	RMB30,000,000	0%	100%	Development and sales of vehicle living projects
Incorporated and operating in Sweden with limited liability				
National Electric Vehicle Sweden AB	SEK1,279,870,800	0%	100%	Sales and manufacturing of smart mobility

43 Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: nil).

44 Subsequent Event

On 29 January 2024, the Company's intermediate controlling company, China Evergrande Group, has been ordered to be wound up by the Hong Kong High Court. Further details of this event are set out in the Company's announcement dated 29 January 2024.

Save as disclosed above, up to the date of this annual report, no significant events occurred after the reporting period.

45 Comparative Information

Certain comparative figures have been reclassified to confirm with the current year's presentation.

Consolidated statements of comprehensive income

	For the year ended 31 December 2023 RMB'000	For the year ended 31 December 2022 RMB'000	For the year ended 31 December 2021 RMB'000 (Re-stated)	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
Revenue	**1,340,148**	134,011	170,840	2,531,219	15,486,625	5,635,559
Loss before income tax	**(10,951,918)**	(15,783,985)	(28,015,749)	(57,278,984)	(7,395,263)	(4,526,336)
Income tax credit/(expenses)	**17,737**	931,048	725,560	934,606	(269,644)	(421,142)
Loss for the year from continuing operations	**(10,934,181)**	(14,852,937)	(27,290,189)	(56,344,378)	(7,664,907)	(4,947,478)
Loss for the year from discontinued operations	**(1,060,929)**	(12,810,772)	(29,054,189)	—	—	—
Other comprehensive (loss)/income, net of tax	**(307,522)**	(2,139,588)	(236,880)	(236,880)	2,749,478	(519,985)
Total comprehensive loss for the year	**(12,302,632)**	(29,803,297)	(56,581,258)	(56,581,258)	(4,915,429)	(5,467,463)

Consolidated statement of financial position

	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000	As at 31 December 2021 RMB'000	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
ASSETS						
Non-current assets	**15,508,613**	22,396,575	33,723,634	33,723,634	46,843,248	36,413,675
Current assets	**19,342,155**	92,824,680	109,845,740	109,845,740	103,221,492	56,994,773
Total assets	**34,850,768**	115,221,255	143,569,374	143,569,374	150,064,740	93,408,448
Total deficit	**(37,692,551)**	(68,650,862)	(39,338,982)	(39,338,982)	(5,838,522)	(1,295,567)
LIABILITIES						
Non-current liabilities	**15,124,012**	15,433,464	15,811,518	15,811,518	61,362,453	51,580,322
Current liabilities	**57,419,307**	168,438,653	167,096,838	167,096,838	94,540,809	43,123,693
Total liabilities	**72,543,319**	183,872,117	182,908,356	182,908,356	155,903,262	94,704,015
Total deficit and liabilities	**34,850,768**	115,221,255	143,569,374	143,569,374	150,064,740	93,408,448